

# Foster Structure Plan Economic Assessment

April 2022

Prepared by Tim Nott  
for South Gippsland Shire Council

**Report Data**

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Prepared by:

Tim Nott  
economic analysis + strategy  
ABN: 29 590 304 665

20 Scotia Street  
Preston  
Victoria 3072  
Australia

Tel: 0401 993 451  
Email: [tim@timnott.com.au](mailto:tim@timnott.com.au)  
Web: [www.timnott.com.au](http://www.timnott.com.au)

**Disclaimer**

The analysis in this report is intended for the specific purposes of South Gippsland Shire Council and no responsibility is taken for its use by other parties. The report has relied on secondary sources and the best estimates of the author. The reader should bear in mind that there is no certainty in predicting the future.

The report makes recommendations for expansion and sub-division of land for urban development. These recommendations are based on demand and strategic land-use recommendations. The environmental capability of the various land parcels to accommodate urban development has not been assessed, nor have owners been consulted at this stage.

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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## EXECUTIVE SUMMARY

South Gippsland Shire Council is reviewing and renewing the structure plan for the town of Foster. As part of this process, Council has commissioned an assessment of the economic drivers of change in the town and the likely demand and supply of land for housing, commercial and industrial activities. This report provides that assessment.

The key driver of change for housing and much of the commercial sector is the rate of population growth in the town and its local catchment. The report identifies population growth scenarios which are used to illustrate the consequences of different rates of population growth for housing and commercial activity.

- Scenario 1.** Population growth rate in the town and its catchment based on that expected for the Foster SA2 by the State Government in Victoria in Future, 2019 – around 0.4% per year over the period 2021 to 2041
- Scenario 2.** Population growth rate between 2021 and 2041 based on a continuation of the rate experienced by the Foster SA2 between 2016 and 2019 of 0.7% per year
- Scenario 3.** Population growth rate between 2021 and 2041 based on a continuation of the rate experienced by the Foster SA2 between 2011 and 2019 of 1.2% per year

The key results of these scenarios for land take-up are provided below, along with suggestions for the Structure Plan. For the assumptions behind these results, please see the full report.

### Land for Housing

1. The number of housing lots required under the three scenarios over the next 20 years ranges from 101 (scenario 1) to 240 (scenario 3). On past experience, around 84% of these lots will be urban and 16% rural residential.
2. The notional supply of lots in land which is already zoned for housing purposes (around 260) is sufficient to cater for the urban lots required for scenarios 1 and 2. There is a shortfall of rural residential lots in all scenarios. To cater for higher growth, further zoned land will be required.
3. The existing structure plan for Foster identifies large areas of Farming Zone land close to the town that could be rezoned for housing purposes. By my estimate, this land could supply well over 500 lots if efficiently developed. This will be more than sufficient to cater for housing growth over the next 20 years and not all the Farming Zone land identified in the current structure plan is likely to be needed in the forecast period.
4. To ensure market choice and prevent unnecessary scarcity driving prices higher, there should be at least two growth fronts for each type of residential land.
5. The overall demand for land will be influenced by the level of rural residential-style development that Foster accommodates. In order to reduce the land uptake and to keep to a more sustainable form of urban development, the average size of rural residential lots should be reduced.
6. The structure plan will need to consider how different constraints such as environmental risk, particularly bushfire, as well as other issues such as infrastructure cost, will impact the suitability of the options for development and availability of land supply over the next 20 years.

**Commercial Centres**

7. I estimate that the land required for growth in retail and commercial activities to range from 4,100 sqm (scenario 1) to 8,600 sqm (scenario 3) by 2041. While there may be sufficient vacant land in the town centre to accommodate scenario 1 - *if* the existing vacant land is available for development in a timely way - additional solutions will be required to accommodate the higher growth scenarios.
8. Some growth in peripheral sales and selected larger format activities could be accommodated in the Mixed Use Zone at the north-eastern entry to town. Some small retail demand could be accommodated around the rail trail to service visitors and adjacent residents and workers. Otherwise, intensification of development in the town centre will be required, particularly south of Main Street. This would include encouraging two-storey development; relocation of light industrial activities to make way for commercial uses; and site assembly to ensure efficient development.
9. Car-parking – even at the reduced rates assumed here – accounts for around 40% of the land requirement. The introduction of a parking levy and the development of a collective car-park would reduce the site requirement for individual uses, potentially making development easier and more efficient. Some incremental extension of the town centre could be possible to the south or north-east.

**Industrial Land**

10. According to Council records, there has been no development in the industrial precinct for the past decade or more. This may be because of a lack of demand or because there are no serviced lots available in the sizes which have been taken up in the past – 1,000 to 8,000 sqm. In my view it would be prudent to have more serviced lots available since there will continue to be demand from industrial activities, whether they locate in Foster or in the larger towns of the Shire; and because options are needed to allow light industrial activities to relocate from the town centre to free up space for the growing commercial sector.

## 1 INTRODUCTION

### 1.1 This Report

Foster is a vibrant town in South Gippsland, around 2.5 hours from Melbourne. 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

An executive summary of key findings is provided at the start of the report.

### 1.2 Economic Role and Context

Foster is located, where the southern slopes of the Strzelecki Ranges meet the coastal flatlands leading to Wilsons Promontory and Corner Inlet. The town was founded following the discovery of gold in Stockyard Creek in 1869 and now serves a number of economic roles. It is:

- a service centre for farm businesses in the district
- a service centre for people in the district, including in the smaller towns in the south-east of South Gippsland
- an attractive and historic visitor services centre for people travelling to Wilsons Promontory and on the South Gippsland Highway
- a government services centre for the district, with offices of South Gippsland Water and Parks Victoria, a Council depot, and a public hospital and aged care facility
- a commuter settlement for people who work in the larger towns of Leongatha and Wonthaggi
- a retirement destination for those seeking a small town lifestyle in a well-served location

The evolution of these economic roles has shaped the town through the expansion of housing and the zoning of land for industry and commercial services.

A structure plan for Foster was completed in June 2008. This was supported in part by work completed by Essential Economics which provided assessments of residential, commercial and industrial land (Essential Economics, 2007). At that time Foster had experienced a period of population decline, although Essential Economics correctly predicted an upturn in population numbers. However, the town has grown a little more rapidly than expected and the economic landscape continues to evolve. It is now timely to review the issues and opportunities facing Foster and ensure that land-use planning guidance is appropriate for the next 10-20 years.

The usual practice in structure planning is to ensure that places have sufficient land for activities for the subsequent 15 years. For this report, a 20 year time horizon has been chosen – 2021 to 2041. This extends the useful life of the analysis to provide more time for decision-making, including community consultation, plan-making and the processes of changing zones. Nevertheless, regular monitoring of the real-world situation will be required to ensure that forecasts and assumptions remain relevant.

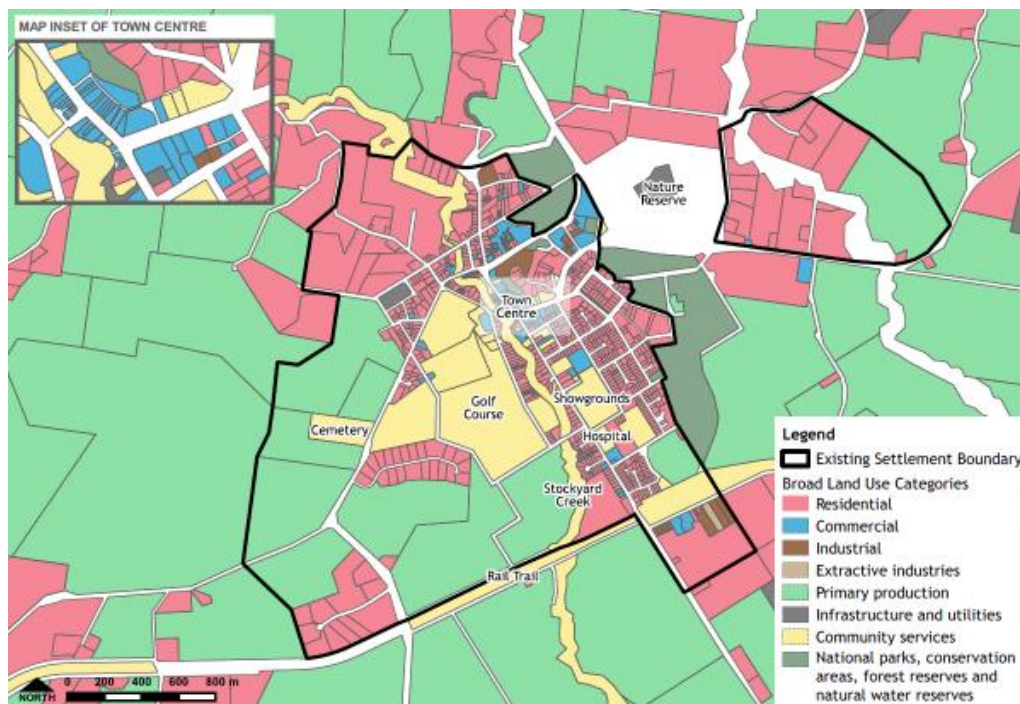
## 2 POPULATION AND HOUSING

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

### 2.1 A Note on Statistical Geography

The project to update the Foster Structure Plan focuses on the existing settlement boundary area defined by Council and shown in the following diagram.

**Figure 1: Foster Structure Plan Area (showing existing land-use)**



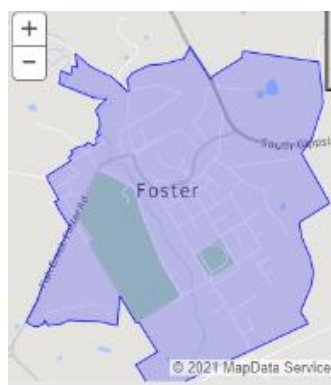
Source: South Gippsland Shire Council Rates Land Use Classification

Notes: Structure Plan Area = Existing Settlement Boundary

The land use shown in this map does not always reflect the zoning of the land

This area does not coincide with existing statistical areas defined by the Australian Bureau of Statistics (ABS), or by other agencies. The ABS provides statistics for the following areas:

**Figure 2: The Foster Urban Centre (UCL)**



**Figure 3: The Foster Statistical Area 2 (SA2)**



In this report, data on population and housing trends in the Foster Structure Plan area have been extrapolated from the data for these two statistical areas. The following table provides a snapshot and comparison of relevant statistics from the 2016 Census of Population and Housing.

It is worth noting that the release of data from the 2021 Census will occur later in 2022. This will provide some of the first data to show the impacts of COVID-19 on population, employment and movement in the local area.

**Table 1: Selected Statistics, Foster, 2016**

	Foster UCL	Foster SA2	South Gippsland Shire	Victoria
Population	1,166	8,731		
Born in Australia	920	6,697		
Share born in Australia	79%	77%	80%	65%
Persons in Non-private dwellings	144	965		
Share of persons in non-private dwellings	12%	11%	9%	8%
Median age	60	52	47	37
Median weekly household income	\$742	\$912	\$1,039	\$1,419
Average household size	1.8	2.2	2.4	2.6
Separate houses	436	3,290		
Other private dwellings	82	165		
Total occupied private dwellings	518	3,455		
Proportion of separate houses	84%	95%	94%	73%
Unoccupied dwellings	112	3,048		
Total private dwellings	630	6,516		
Proportion of Unoccupied dwellings	18%	47%	28%	12%

Source: ABS, Census of Population and Housing 2016

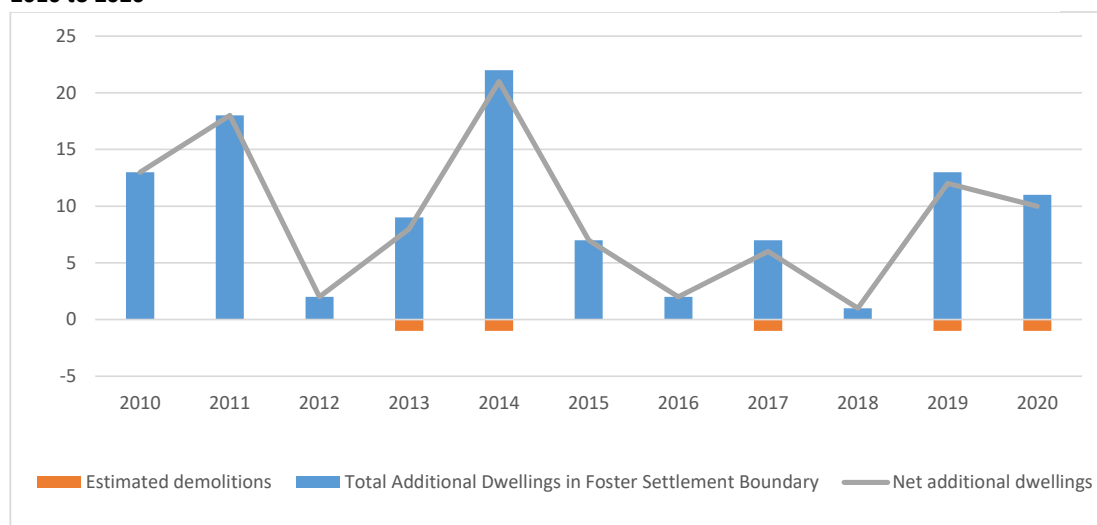


## 2.2 Current Population and Housing

Based on recent trends in the Estimated Resident Population of the Foster SA2, and a count of houses within the Structure Plan Area but outside the UCL, I estimate the population of the Foster Structure Plan Area to be 1,344 in 2021.

I estimate the number of dwellings in the Structure Plan Area to be 691 in 2021, based on Census counts, review of the aerial photographs of the area, and Council records of building permits issued since the last Census. The following diagram illustrates my estimate of the net additions to the building stock in the Structure Plan Area since 2010.

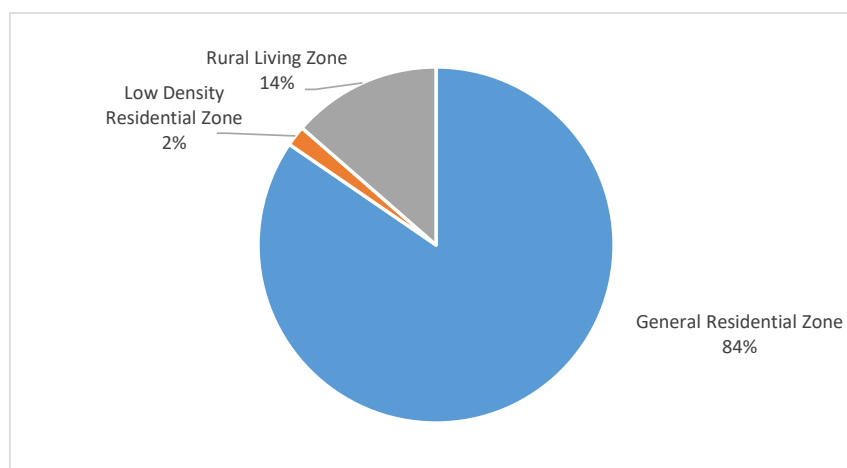
**Figure 2: Building permit data - net additions to the housing stock in the Foster Structure Plan Area, 2010 to 2020**



Source: Council records

The adjacent chart shows the share of new dwellings in each of the residential zones in and around the township.

**Figure 3: Share of new dwellings in each zone, Foster, 2010 to 2020**

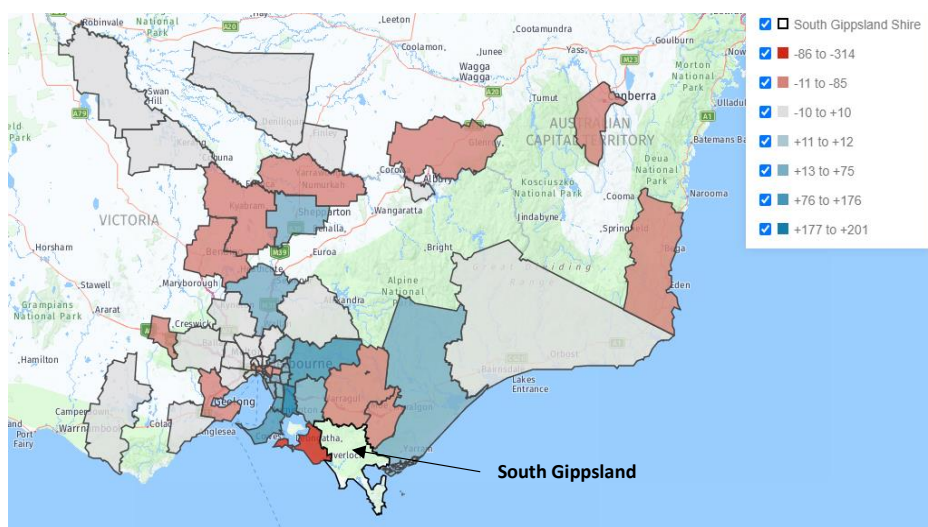


Source: Council records

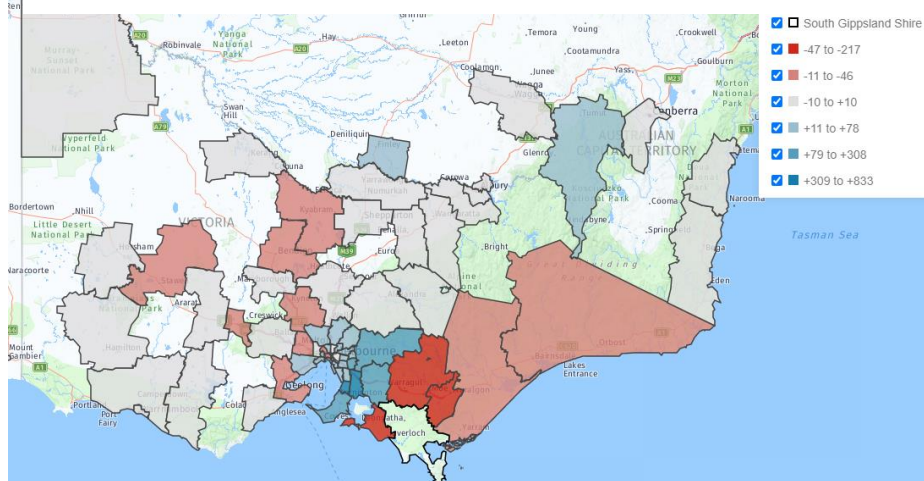
## 2.3 Recent Migration Patterns

Foster, and South Gippsland more generally, continues to be attractive to new residents, most of whom are seeking an escape from the city. The following maps show that most new residents of South Gippsland over the period between 2011-2020 have come from the eastern and southern suburbs of Melbourne. The maps also show where former South Gippsland residents have moved to, including neighbouring municipalities (mainly people seeking services or employment available in the larger towns of Wonthaggi, Warragul and the La Trobe Valley) and inner Melbourne (students and young professionals), Victorian regional cities, other retirement destinations as well as South East Queensland.

**Figure 5: Net population gains (+) and losses (-) by South Gippsland Shire from other municipalities, 2011 to 2016**



**Figure 4: Net population gains (+) and losses (-) to South Gippsland Shire from other municipalities, 2016 to 2020**



Source: .id consulting from ABS Census of Population and Housing

The maps show that the migration movements were more scattered in the period 2016 to 2020 than previously. This may have been influenced by the extraordinary movements during the COVID-19 pandemic year of 2020. Nevertheless, the overall patterns remain the same, that is, people leave South Gippsland for education and training and jobs or retirement options elsewhere; and they move to the municipality for retirement or a tree/sea-change - country lifestyle, attractive location, availability of services and employment and relatively inexpensive property. In my view, this pattern will continue into the future, and with physical location becoming less of an anchor for employment, more people will continue to move into the Shire than leave.

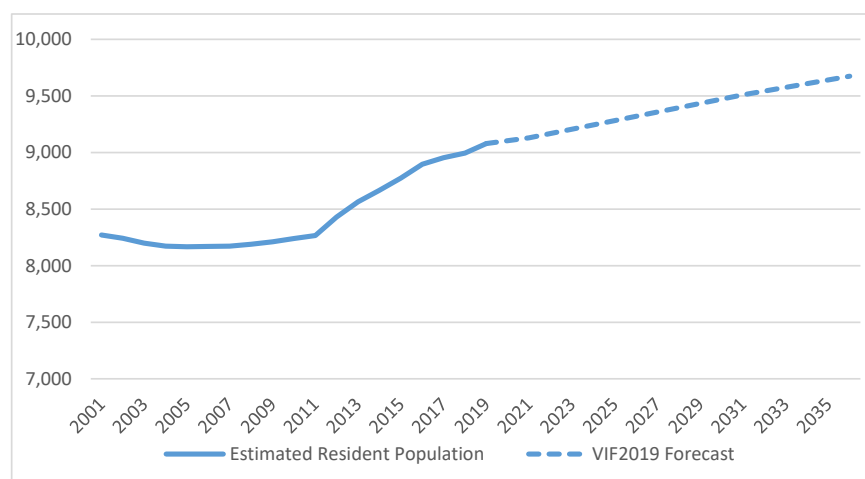
## 2.4 Forecast Population Growth

Forecasts of population and housing growth are provided by State Government (Victoria in Future, 2019); and separate forecast have been commissioned by Council from .id consulting (2017). Both forecasts are now a little out of date considering the change in demographic patterns that have occurred during the 2020 – the year of the COVID-19 pandemic. In this assessment, I have used the State Government forecasts as a starting point since these take into account some more recent trends and are based on the Foster SA2.

In looking at future population trends, the reader should bear in mind that no forecast can take into account the whole range of possible influences. To allow for this uncertainty, I have developed a set of population growth scenarios based on credible narratives of how Foster may develop.

**Scenario 1.** A growth scenario based on the Foster Structure Plan Area growing in proportion to the forecast for the Foster SA2 as a whole by the State Government (VIF2019). The latest State Government forecast anticipates that rate of growth in the Foster SA2 will slow significantly over the next 15 years compared with the previous 10 years. This reflects a rate of growth that is similar to the last 20 years and is shown in the following diagram.

**Figure 6: Foster SA2 - recent population trends and VIF2019 forecast**



Source: State Government of Victoria, VIF2019

The State Government forecast is extrapolated here to 2041 and results in a population growth of 105 people in the Foster Structure Plan Area at a rate of 0.4% per year over the period 2021 to 2041. The consequences of this scenario will be a slow, though still positive, growth in new residents and employment opportunities in the town. Such a scenario may eventuate if immigration to Victoria has a lower trajectory than in the past decade, which would result in a lower demand in the urban system as a whole.

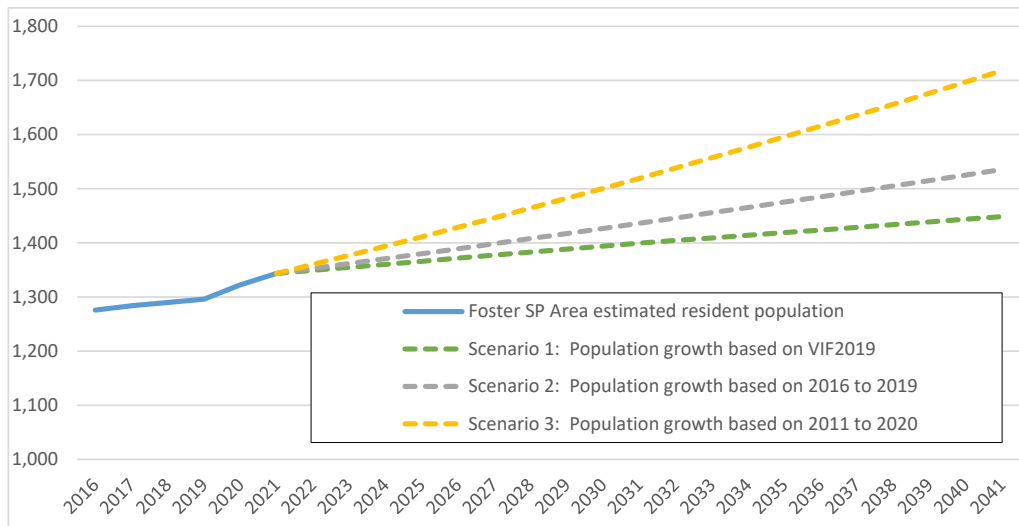
- Scenario 2.** A growth scenario in which the population of the Structure Plan Area grows at the same rate as the Foster SA2 during the period 2016 to 2019 – 0.7% per year on average. This results in an additional 192 people over the period 2021 to 2041. This scenario assumes that growth in Foster will continue as it has over the past few years (leaving aside what are likely to be exceptional COVID years). This will rely on:
- modest levels of new job opportunities in regional production, services and infrastructure development
  - ongoing demand for small town lifestyle properties by retirees and those approaching retirement

- Scenario 3.** A growth scenario in which the population of the Structure Plan Area grows at the same rate as the Foster SA2 during the period 2011 to 2020 – 1.2% per year on average. This results in an additional 374 people over the 20-year period to 2041. This scenario assumes that growth in Foster will resume its relatively high growth trajectory. This will rely on some or all of the following:
- significant new local and regional employment opportunities over the period
  - in-migration by people able to work remotely for organisations based elsewhere, as has happened during the COVID pandemic period
  - continuing demand by retirees and those approaching retirement
  - further development of aged care facilities in the town
  - continuing tourism development in the wider district, with successful implementation of the Great Southern Rail Train and other regional tourism initiatives

There is potential for employment growth in the district as a result of intensification of primary production, tourism development and major infrastructure projects. These include the Marinus Link electricity transmission line from Tasmania and the proposed Star of the South off-shore windfarm. Early indications from the Star of the South, for example, suggest that the construction work-force in Gippsland will peak at around 1,000 and that there could be more than 200 ongoing jobs based in a local port. Some of these people would undoubtedly see Foster as an attractive residential location.

In preparing the scenarios, I have assumed for simplicity's sake that the average annual growth rate will apply each year, giving a straight line growth. In reality, the growth rate will vary from year to year. In particular, I would expect growth to be strong in 2020-21 because of the COVID-19 pandemic and the desire by many to escape larger urban areas. However, I would expect this trend to moderate over time in all scenarios to a greater or lesser extent.

The population growth scenarios are illustrated in the following diagram.

**Figure 7: Foster Structure Plan Area - population growth scenarios, 2021 to 2041**

Source: Tim Nott

Given past experience and considering the experience of other small towns in similar situations, any of these growth outcomes is possible. However, for planning purposes, it is prudent to ensure that the town can accommodate the higher levels of growth in Scenario 3 if required; after all, this will indicate success in Council policies to improve sustainable economic and community development for the area.

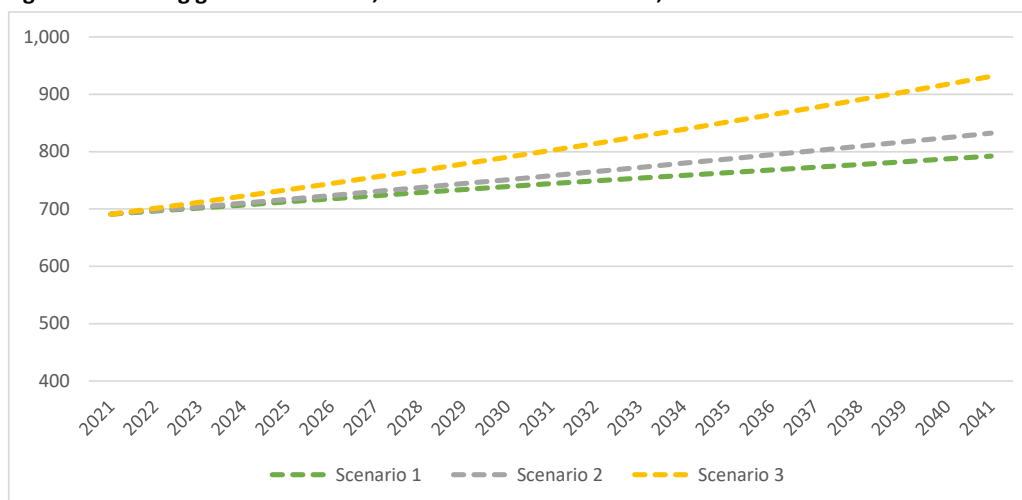
## 2.5 Housing Growth

The population scenarios lead to related housing growth scenarios. These have relied on a series of assumptions, as follows:

**Scenario 1:** The share of dwellings in the Foster Structure Plan Area (SPA) of the Foster SA2 remains the same throughout the period. The number of dwellings in the Foster SA2 is taken from VIF2019. This results in the average household size of the occupied dwellings in the Foster SPA declining from 2.0 to 1.8 over the period from 2021 to 2041.

**Scenarios 2 and 3:** The calculation of dwelling numbers assumes that the share of people in non-private dwellings remains the same as in 2016 (12%) and the share of unoccupied dwellings also remains the same as in 2016 (18%). This implies that, in each case, non-private accommodation will continue to be developed (mainly in aged care facilities) and that there will continue to be a significant market for second homes in the area.

The results of these assumptions are shown in the following chart.

**Figure 8: Housing growth scenarios, Foster Structure Plan Area, 2021 to 2041**

Source: Tim Nott

**Scenario 1:** the number of dwellings grows by 101 to a total of 792 in 2041 at an average annual growth rate of 0.7% or an average of five dwellings per year

**Scenario 2:** the number of dwellings grows by 141 to a total of 832 in 2041 at an average annual growth rate of 0.9% at an average of 7 dwellings per year

**Scenario 3:** the number of dwellings grows by 240 to a total of 931 in 2041 at an average annual growth rate of 1.5%, an average of 12 dwellings per year

## 2.6 Existing Housing Lot Supply

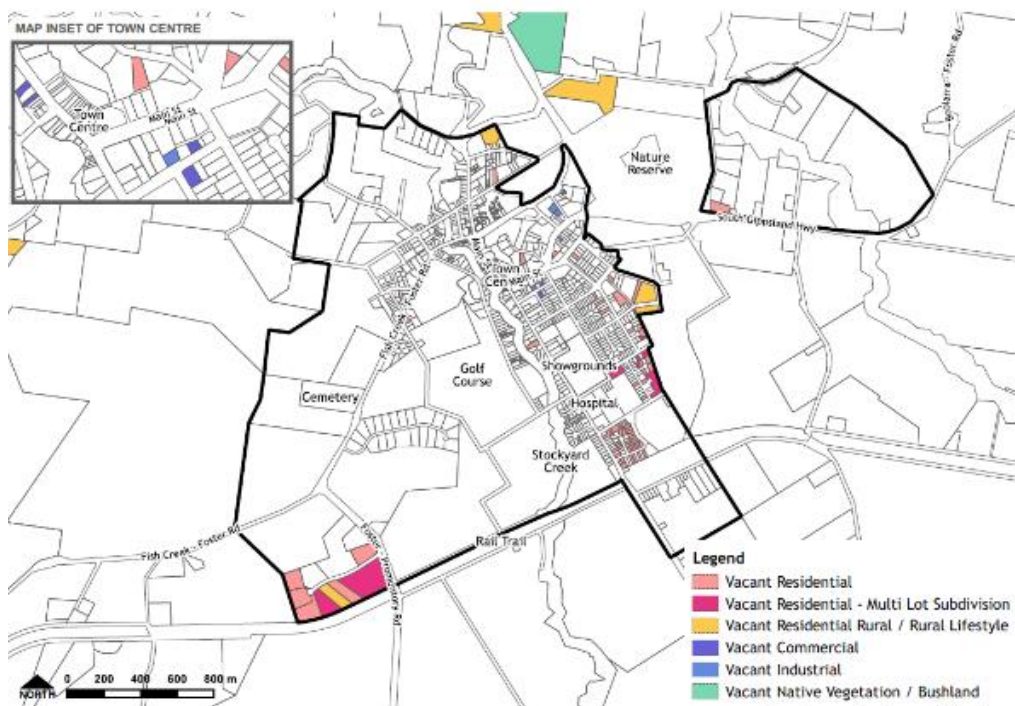
Analysis by Council has provided the following information about vacant lots in the Foster Structure Plan Area.

**Table 2: Vacant lots by zone, Foster, 2020**

Zone	Number of lots	Total area (sqm)	Total area (ha)
General Residential Zone	60	84,586	8.46
Low Density Residential Zone	0	0	0
Rural Living Zone	8	113,718	11.37
Total	68	198,304	19.83

Source: unpublished Council records

These are shown in the plan on the following page. Several of the lots on the eastern and northern flank of the settlement are substantial (4,000 sqm or more) but are covered by the Bushfire Management Overlay and are subject to stringent subdivision and development standards that may be cost prohibitive.

**Figure 9: View of vacant lots in Foster, 2020**

Source: Council records

These existing lots provide the equivalent of five years' housing demand under the high growth scenario. Clearly further lots will be required to provide the necessary 15-20 years' supply needed to satisfy the structure planning process.

## 2.7 Zoned and Unsubdivided Land

There is potential for existing lots with houses throughout the urban area to be further sub-divided and developed, including the creation of townhouses on urban lots, for example, or the further subdivision of Low Density Residential Land following their connection to sewerage. This kind of intensification is likely to continue at a low level throughout the study period. It is assumed here that the intensification of the existing urban subdivisions will generate one additional dwelling per year over the study period.

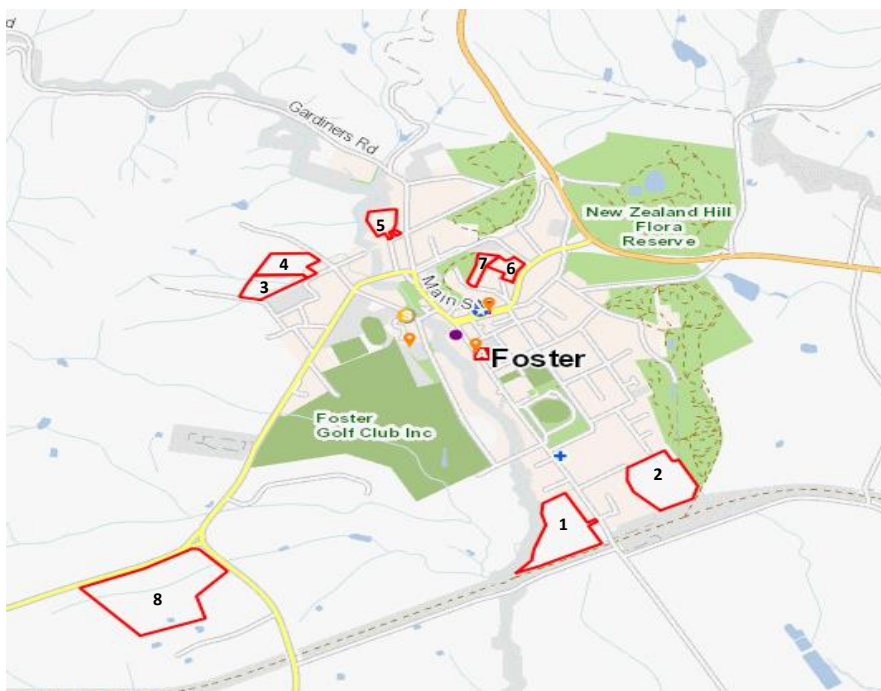
There are also a number of large parcels that are notionally occupied but could be subdivided and developed at much higher densities and which are not highlighted on the map above. As shown in Figure 11, these include:

1. 120 Station Street – a 5.34 hectare lot of prime residential land adjacent to Stockyard Creek, currently occupied by a single dwelling; areas adjacent to the creek are protected by a Design and Development Overlay and most of the site is in an Area of Aboriginal Cultural Heritage Sensitivity



2. 50 O'Connell Road – a 5.38 ha property in the GRZ, on which a 60 lot subdivision is likely to be approved, despite much of the property being subject to the Bushfire Management Overlay (BMO)
3. 40 Davis Road – a 1.96 ha property in the GRZ, occupied by a single dwelling; around half this property (the half containing the dwelling) is covered by a Bushfire Management Overlay and has other topographic and environment challenges to development that may restrict lot yield
4. 16 Gibbs Street – a 2.22 ha property in the GRZ, occupied by a single dwelling; small parts of this property are covered by the BMO and by an Area of Aboriginal Cultural Heritage Sensitivity
5. 9 Collis Street – a 1.32 ha property in the GRZ, occupied by a single dwelling; a small part of this property is covered by the BMO and most is in an Area of Aboriginal Cultural Heritage Sensitivity
6. 10 Berry Street – a 0.96 ha property in the GRZ, occupied by a single dwelling; around half this property is covered by the BMO
7. 10 Kaffir Hill Road - a 0.78 ha property in the GRZ, occupied by a single dwelling; around half this property is covered by the BMO
8. 311 Fish Creek Road – an undeveloped 14.03 ha property in the RLZ; a small proportion of this property is covered by the BMO, and it is entirely covered by the Significant Landscape Overlay (Area F in 2008 Structure Plan – see Figure 11)

**Figure 10: Large lots with potential for further subdivision, Foster 2021**



Source: base map from IntraMaps, South Gippsland Shire Council  
 Note: numbers in allotments match text



The following table provides an estimate of the total lots likely to be available in existing sub-divided land and unsubdivided zoned residential land. Assumptions have been made here about the lot density achievable in each of the unsubdivided lots given the various restrictions imposed by zoning, overlays and topography. Whether these densities can be achieved will depend on the wishes and capacity of land-holders over time as well as approval by Council, planning referral authorities and the community.

**Table 3: Notional lot supply in subdivided and unsubdivided zoned land, Foster, 2021**

	Lots					Assumed density (lots/ha)
	Area (sqm)	GRZ	LDRZ	RLZ	Total	
Existing subdivided lots	198,304	60	0	8	68	3.4
Assumed intensification in existing subdivisions		20			20	
120 Station St	53,400	64			64	12.0
50 O'Connell Rd	53,800	16			60	3.0
40 Davis Rd	19,600	2			2	1.0
16 Gibbs Street	22,200	18			18	8.0
9 Collis Street	13,200	13			13	10.0
10 Berry Street	9,600	2			2	2.0
Kaffir Hill Road	7,800	1			1	1.0
311 Fish Creek Road	140,300			13	13	0.9
Total Zoned supply		240	0	21	261	
Share of total						

Source: Council records; Tim Nott

The overall figure for lot supply – 261 lots - is slightly more than the demand identified under the high growth scenario over the period 2021 to 2041 (240 lots). The following table provides a comparison between the estimated supply and the scenarios for growth. *The calculations assume that the share of demand for urban and rural residential lots will remain the same through the study period as it has been over the last 10 years (although see later for a discussion).*

**Table 4: Notional surplus (+) or shortfall (-) of housing lots, 2021 to 2041**

Land type	Notional existing supply	Scenario 1		Scenario 2		Scenario 3	
		Demand, 2021 to 2041	Shortfall or surplus	Demand, 2021 to 2041	Shortfall or surplus	Demand, 2021 to 2041	Shortfall or surplus
General residential	240	85	155	119	121	202	38
Rural residential	21	16	5	23	-2	38	-17
Total	261	101	160	141	119	240	21

Source: Tim Nott

These calculations show:

- For Scenario 1, the notional lot supply is sufficient for the period 2021 to 2041
- For Scenario 2, the notional supply of lots in the GRZ is sufficient to accommodate demand but around 2 additional rural residential lots will be required
- For Scenario 3, the notional supply of lots in the GRZ is sufficient to meet demand but 17 new rural residential lots will be required

A number of factors suggest that more lots will be needed to accommodate the higher growth scenarios over the coming 20 years:

- Not all the vacant zoned land identified will be available for development at a time when it is required to meet demand. Some owners may be unable or unwilling to develop or sell to developers. Certainly, several of the parcels identified are not currently available for development including 120 Station Street, which contains a significant share of the land for future urban lots, and 311 Fish Creek Road, which contains all the land in the Rural Living Zone.
- More land may be required to ensure that there is choice in the market and to prevent unnecessary scarcity driving prices higher. This is particularly necessary towards the end of the planning period when lots will be running low under the high growth scenarios. Ideally, there should be good choice of lots at the end of the period, implying that the number of vacant lots in 2041 should be at least as many as at present – 70 lots in round terms. In general terms, it would be preferable to have two or more development fronts for both urban and rural residential development on stream at any one time.
- The identified lots may not be in the same size or configuration as that demanded by the market. In particular, there will be demand for rural residential living that may not be met by the presently identified supply.

## 2.8 Rural Residential Lots

Over the last ten years, around 16% of new housing in the Foster Structure Plan Area has located on rural residential allotments, either zoned Rural Living, with a 1 hectare minimum lot size, or Low Density Residential, with a 0.2/0.4 hectare minimum lot size, depending on whether the lot is sewerage or not. However, only 8% of the identified vacant lots are in the Rural Living Zone and none in the Low Density Residential Zone.

There has been argument in the planning community over many years on the merits of rural residential lots. The reasons for this concern are noted in Planning Practice Note 37 issued by the Department of Environment, Land, Water and Planning (DELWP) in 2015.

*The planning scheme should ensure that reasonable opportunities are found for rural residential development, as part of providing for housing diversity and choice. However, rural residential development can have environmental, social and economic costs that are significantly higher than those of standard residential development (DELWP, 2015)*

In short, rural residential development:

- is relatively expensive to service
- eats into productive farmland

- is often provided on the edges of towns, blocking the orderly expansion of more conventional urban-sized allotments, with adverse consequences for infrastructure provision and accessibility as towns grow

Foster has a range of allotment sizes and has previously provided significant areas of rural residential land. This has catered to a segment of the market seeking a rural outlook, larger homes or large sheds to accommodate boats, trucks or workshops, hobby farmers, horse-ownership or privacy. However, the need to consolidate in order to provide a more sustainable urban development may require a less expansive policy on rural residential lots.

As an indication of the land area required, consider the following estimates:

- If all the rural residential lots forecast to be required in Scenario 3 were to average 10,000 sqm per lot as in the past, then the land required would be 38 hectares – a very substantial addition to the Foster urban area and a reduction in productive farmland.
- If all new residents who would otherwise locate in rural residential lots were accommodated in urban sized lots averaging 600 sqm, then the land requirement would be 2.28 hectares. However, it seems likely that if rural residential lots were not provided, many potential new residents would look elsewhere, with adverse consequences for the development of the town as a whole.
- If the average size of the rural residential lots could be brought down to 4,000 sqm, the total land take for these lots under Scenario 3 would be 15.2 hectares – a more manageable addition to the urban area which would have less chance of creating problems for future sustainable development of the town. To achieve an *average* of 4,000 sqm, more use of the Low Density Residential Zone would be needed, incorporating larger numbers of 2,000 sqm lots with sewer connections.

For the purposes of this assessment, it has been assumed that the share of people requiring a rural residential allotment will remain the same as in the past, but that these can be accommodated on lots with an average size of 4,000 sqm. However, the reader should bear in mind the potential for wide variations in the overall land requirement, depending on the size of the average rural residential allotment.

## 2.9 How Much More Land Will Be Required?

Taking into account the need to provide choice throughout the study period, the following table identifies how much additional land might be required to accommodate housing demand in Foster over the period to 2041.

**Table 5: Notional land requirement to accommodate new dwellings in addition to the existing zoned land, 2021 to 2041**

	GRZ	Rural residential	Total
<b>Scenario 1</b>			
Notional demand for lots	85	16	101
Allowance for choice and competition	59	11	70
Total demand for lots	144	27	171
Existing supply of lots	240	21	261
Shortfall of lots	0	6	6
Area required per lot (sqm)	857	4,706	
Total area required (ha)	0	2.9	2.9
<b>Scenario 2</b>			
Notional demand for lots	119	23	141
Allowance for choice and competition	59	11	70
Total demand for lots	178	34	211
Existing supply of lots	240	21	261
Shortfall of lots	0	13	13
Area required per lot (sqm)	857	4,706	
Total area required (ha)	0	5.9	5.9
<b>Scenario 3</b>			
Notional demand for lots	202	38	240
Allowance for choice and competition	59	11	70
Total demand for lots	261	49	310
Existing supply of lots	240	21	261
Shortfall of lots	21	28	49
Area required per lot (sqm)	857	4,706	
Total area required (ha)	1.8	13.4	15.2

Source: Tim Nott

**Table Notes**

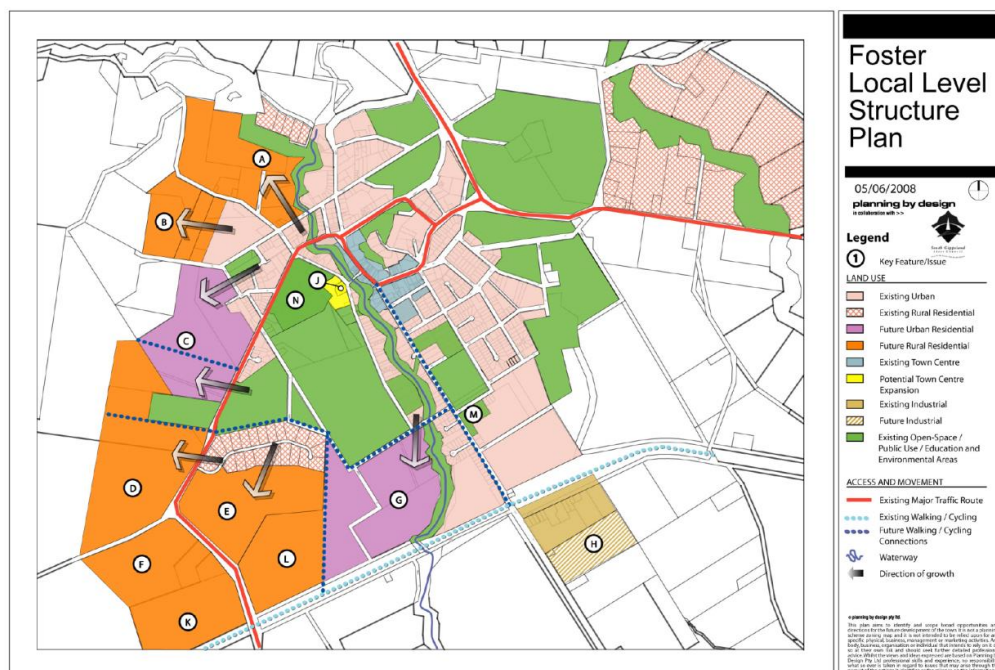
- The allowance of additional lots for choice and competition has been set at a total of 70 lots, broadly reflecting the current balance of vacant lots.
- The shortfall of lots is the difference between supply and demand, with zero shortfall where supply exceeds demand.
- The area required per lot reflects the total land area required for housing, including roads, and open space. The area is based on an average allotment size of 600 sqm in GRZ and 4,000 sqm in rural residential zoning.

This table shows that more land will be required under all scenarios, although only Scenario 3 requires more land in the General Residential Zone.

## 2.10 Potential Future Housing Land

The existing structure plan for Foster (South Gippsland Shire Council and Planning by Design, 2008) identifies a series of lots that were then in the Farming Zone but which could form logical extensions of the town's residential land supply. These parcels are shown in the following map.

**Figure 11: Existing Foster Structure Plan**



Source: South Gippsland Planning Scheme

Since 2008, parcels F and K have been rezoned to Rural Living Zone, but the remainder are still in the Farming Zone.

Taking into account the extent and intended zoning of these parcels and, considering the restrictions as a result of slopes, waterways and overlays such as the Bushfire Management Overlay, I have estimated the potential lot yield of each parcel. These calculations are shown in the following table.

**Table 6: Estimated lot yield of strategic parcels in Foster**

Parcel	Area (sqm)	Notional zoning	Target lot size (sqm)	Development efficiency	Lots per ha	Number of lots*
A	209,496	Rural res	4,000	20%	0.5	10
B	125,730	Rural res	4,000	20%	0.5	6
C	229,378	GRZ	600	60%	10.0	229
D	387,976	Rural res	4,000	60%	1.5	58
E	203,245	Rural res	4,000	50%	1.25	25
G	284,414	GRZ	600	50%	8.3	237
L	149,502	Rural res	4,000	50%	1.25	19
Total	1,589,741					585
Total GRZ						466
Total rural residential						119

Source: Tim Nott

\* Includes existing dwellings

Parcels A and B are significantly affected by the BMO and are assumed to have low levels of development. However, there is potential to split these parcels, with the areas closest to the urban area and unaffected by the BMO zoned for urban housing. This would substantially increase the lot yield in areas that are relatively close to the urban centre and services.

The parcels intended to be GRZ (parcels C and G) each have conditions that will prevent maximum development. Parts of parcel C are subject to the BMO which will likely prevent normal urban development densities. Parcel G has a series of watercourses which will need to be protected in the subdivision and development. These restrictions along with the infrastructure necessary to open up these parcels, will increase the cost per lot compared with the flat and relatively unencumbered land which forms the existing development areas at the southern end of Station Road, for example. Nevertheless, these are the logical urban extensions of the town in order to maintain walkability and a compact settlement.

One further possibility for housing development is the golf course, which provides perhaps the most well-located land for housing in the town, being relatively close to the town centre. However, the course is on Crown land which would be very difficult to reassign for housing purposes, leaving aside the possible loss of open space and liveability that redevelopment would entail.

The notional lot yields suggest that the various unzoned parcels could yield up to 600 lots if the proposed rural residential parcels can be developed to deliver average lot sizes of 4,000 sqm. However, Council's bushfire consultants have reportedly expressed concerns about the development of all the parcels on the north-western edge of the town, that is parcels A to D. These concerns may prevent development or they may make development here more costly as additional restrictions are brought into play. If these parcels are excluded, then the notional lot yield is 237 urban lots and 88 rural residential lots, concentrated in the south-western quadrant of the town. This still appears to be more than sufficient to meet the demand under all scenarios as identified in Table 5. However, there is no indication about whether this land would be available for development in an appropriate timeframe. In addition, some expensive infrastructure in the form of connecting roads and bridges would likely be required to enable the area to be developed effectively.

### 3 RETAIL AND COMMERCIAL

This section provides a forecast of the demand for additional commercial land in the Foster 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

Foster 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 town centre 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 population scenarios developed earlier. 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 assessment steps are:

- Identify the existing commercial floorspace in the town centre through surveys and Council property data
- Identify the trade area for the centre and estimate its current and future population based on existing population forecasts and the scenarios developed earlier
- Identify the retail sales using Spendmapp data provided by Council, including the share of spending by visitors and by residents
- Estimate the average retail spending per local resident and the total spending now and in the future using Spendmapp data as a guide
- Using conservative assumptions about how spending patterns will change in the future, project forward spending in the town centre
- Translate spending to retail floorspace
- Estimate the growth of non-retail floorspace
- Based on the growth in total floorspace, current vacancies and conservative assumptions about future change, estimate the notional demand for additional commercial land

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

#### 3.2 Foster Commercial Precincts

Commercial activity in Foster is concentrated in the town centre and a nearby mixed use precinct that houses several larger format uses. The **town centre** provides retail, commercial and community services to residents of the district and visitors to the township. Key features of the centre include:

- two small-to-medium sized supermarkets – IGA and Foodworks - which are the principal retail drawcards of the centre
- a bustling, recently upgraded main street shopping strip containing shops, offices and entertainment venues, with pedestrian spaces and car-parking on the street and to the rear of the buildings
- an attractive setting provided by Stockyard Creek and Kaffir Hill and associated parks, although these provide physical constraints to further development
- a substantial presence of public sector organisations including Parks Victoria on Main Street and South Gippsland Water on the west bank of Stockyard Creek



- a series of low intensity and light industrial uses on Court Street, to the rear of Main Street

**Figure 12: Foster town centre - aerial photo and zoning plan**



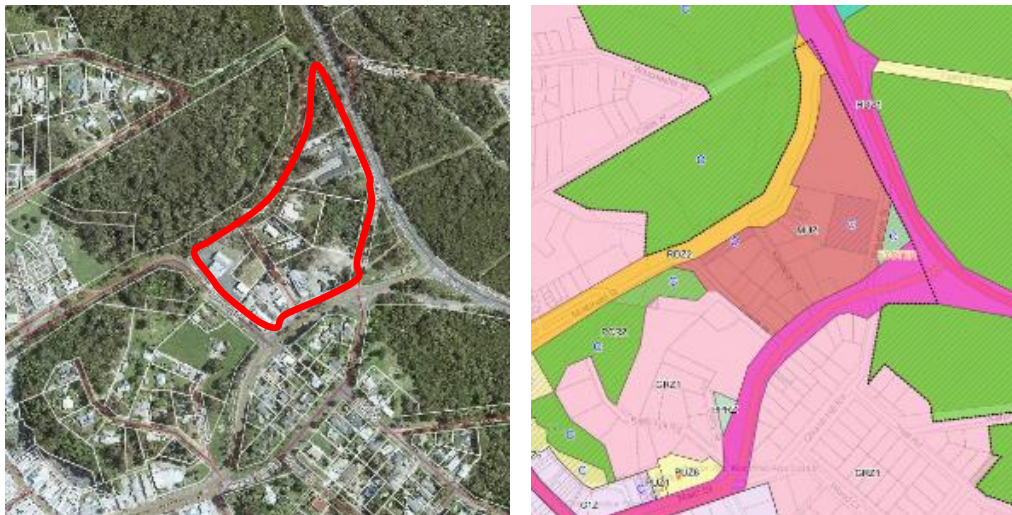
Source: South Gippsland Shire, IntraMaps

Foster Structure Plan – Economic Assessment



Foster's **Mixed Use** precinct is shown below.

**Figure 13: Mixed use precinct, Foster**



Source: South Gippsland Shire, IntraMaps

The Mixed Use precinct is at the north-eastern entry to Foster and contains a set of larger format uses, including a motel, a large greengrocer, a café, a home goods store and tyre sales. The precinct has relatively large urban allotments, several of which are vacant, and a forested backdrop. While there are several dwellings in this precinct, commercial activity is the principal use. It may be that a Mixed Use Zone – a default residential zone - is not best suited to protect the ongoing commercial activity.

### 3.3 Retail Floorspace

The following table provides an estimate of retail and other commercial floorspace in the activity areas of Foster, based on Council records and a survey undertaken for this project. (The definition of retail activity is based on the definitions used by the ABS and comprises those activities listed in the adjacent box.)

The table shows:

- Total retail floorspace of 7,161 sqm in Foster, with 5,881 sqm in the town centre
- Retail activity comprises only 29% of the total floorspace in the town centre, although it is the largest single activity
- The town centre has a wide range of other activities including hotels, offices, government and community services and light industrial activities

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)

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

**Other retailing**, 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
- **Retail services** – hairdressers, beauty parlours, video rental, clothing and household goods repairs

- Vacant floorspace is very low, at only 1% of the total in the town centre, compared with vacancies in typical main street centres in the 5%-10% range

**Table 7: Activity floorspace, Foster Commercial Precincts, 2021**

Activity	Town Centre		Mixed Use Precinct		Total	
	Floorspace	Share	Floorspace	Share	Floorspace	Share
Food, groceries and liquor	2,240	38%	600	47%	2,840	40%
Food catering	754	13%	130	10%	884	12%
Other retail	2,887	49%	550	43%	3,437	48%
Total retail	5,881	100%	1,280	100%	7,161	100%
Retail	5,881	29%	1,280	46%	7,161	31%
Hotels, pubs and clubs	5,221	25%	1,000	36%	6,221	27%
Professional and medical services	1,077	5%		0%	1,077	5%
Real estate services and travel agents	729	4%		0%	729	3%
Banks	315	2%		0%	315	1%
Other commercial services	333	2%		0%	333	1%
Industrial and auto services	550	3%	500	18%	1,050	4%
Emergency services	988	5%		0%	988	4%
Other government agencies	1,277	6%		0%	1,277	5%
Local government and community services	4,244	21%		0%	4,244	18%
Total activity	20,615	100%	2,780	100%	23,395	100%
Vacant space	275	1%	800	22%	1,075	4%
Total space	20,890	100%	3,580	100%	24,470	100%

Source: South Gippsland Shire; Tim Nott

Note: floorspace excludes housing

### 3.4 Retail Sales

Information on retail sales in Foster is provided through Council by Spendmapp<sup>1</sup> (Geografia, 2022).

Based on this data, the following table makes an estimate of sales per sqm of retail floorspace in Foster.

**Table 8: Estimate of retail sales in Foster town centre, 2021**

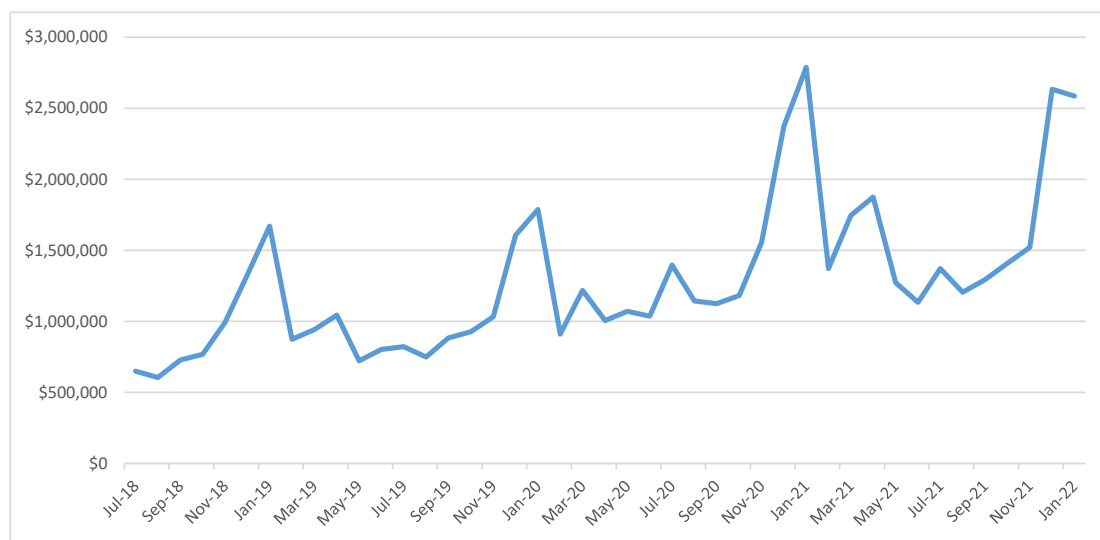
	Floorspace sqm	Retail sales \$m	Sales/sqm \$/sqm
Food, groceries and liquor	2,840	\$12.2	\$4,300
Food catering	884	\$4.2	\$4,700
Other retail	3,437	\$3.4	\$1,000
Total retail	7,161	\$19.8	\$2,766

Source: Spendmapp by Geografia; Tim Nott

<sup>1</sup> Spendmapp uses bank transaction data to estimate small area spending information.

Total retail sales in the town are estimated at \$19.8 million in 2021. The overall retail sales, at \$2,766 per sqm are very low by normal retail standards. This reflects the highly seasonal nature of local spending patterns. The chart below shows how retail spending has changed each month over the period from July 2018 to January 2022.

**Figure 14: Monthly retail sales in Foster, July 2018 to January 2022**



Source: Spendmapp by Geografia, 2022

The chart shows that the pattern in Foster, even during the pandemic when people throughout Australia stayed closer to home and spent more in local shops, is for a substantial surge in spending during the summer holidays. This means that the capacity of local shops is geared somewhat to the annual boom in spending but that at most other times of the year is likely to be under-utilised, accounting for the low sales per sqm.

### 3.5 Retail Role

The Foster commercial precincts serve two main retail functions:

- Providing a neighbourhood level service, offering food, groceries and convenience items for residents of the township and district
- Catering to the significant number of visitors who travel to the South Gippsland coastline and Wilsons Promontory

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. The Visitor Economy Strategy 2021-2031 encourages visitor spending in the town to continue and flourish.

### 3.6 Trade Area

The trade area of an activity centre is the area from which residents naturally visit to obtain particular goods and services. At the boundary of the trade area, residents may choose from two or more equidistant centres that provide equivalent services. The extent of a trade area is influenced mainly by the location of competing centres and the work, education and leisure 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 significant supermarkets and the boundaries of relevant Statistical Area 1s. The Foster trade area is shown in the following diagram, along with the surrounding supermarket centres.

**Figure 15: Foster retail trade area**



Source: base map from Google Maps

The Estimated Resident Population of this trade area is approximately 5,708 in 2021.

### 3.7 Population Growth Scenarios

Population scenarios have been prepared for the Foster trade area to indicate the potential spread in outcomes. The scenarios for the trade area relate to the scenarios for the town itself, that is:

- Scenario 1.** Population growth based on the rate expected for the Foster SA2 by VIF2019, an average of 0.4% per year
- Scenario 2.** Growth based on the rate experienced by the Foster SA2 between 2016 and 2019, an average of 0.7% per year
- Scenario 3.** Growth based on the rate experienced by the Foster SA2 between 2011 and 2019, or 1.2% per year

The results of the growth are shown in the following figure.

**Figure 16: Population growth scenarios, Foster trade area, 2016 to 2041**

Source: Tim Nott

### 3.8 Retail Spending

The following table provides an estimate of the total retail spending by trade area residents in 2021. These estimates are for Foster from Spendmapp and have been extrapolated to the Foster trade area.

**Table 9: Estimate of retail spending by Foster trade area residents, 2021 (\$2021)**

	Spending \$m	Spending per person \$/person
Food, groceries and liquor	\$15.3	\$2,682
Food catering	\$2.3	\$407
Other retailing	\$16.1	\$2,828
Total retail	\$33.8	\$5,917

Source: Spendmapp by Geografia; Tim Nott

Using these figures, trade area residents are estimated to have annual retail expenditure of \$33.8 million in 2021, with average annual spending per person of \$5,900<sup>2</sup>.

<sup>2</sup> This is much less than the \$13,000 per year estimated by the ABS for 2019 but may be due to differences in coverage and methodology as well as lower spending per person in Foster.

### 3.9 Balance of Spending in Foster

Not all retail spending by trade area residents is spent locally. A substantial proportion of spending by residents is directed to larger centres that provide more comprehensive supermarket shopping and a wider variety of non-food goods, as well as to online retailers. However, because Foster caters for visitors, residents are also able to spend more money locally, with more dining options, for example than might otherwise be the case. This enables Foster town centre to capture a higher proportion of the available spending of trade area residents than would be the case for a town without a strong visitor trade.

Based on interpretation of the Spendmapp data, the following table provides an estimate of how much of the retail sales at Foster town centre are attributable to residents and how much to visitors.

**Table 10: Balance of retail spending at Foster, 2021 (\$2021)**

	Retail sales \$m	Visitor share %	Visitor spending \$m	Sales to residents \$m	Total resident spending \$m	Share captured by Foster %	Escape spending %
Food, groceries and liquor	\$12.2	45%	\$5.5	\$6.7	\$15.3	44%	56%
Food catering	\$4.2	55%	\$2.3	\$1.9	\$2.3	80%	20%
Other retailing	\$3.4	45%	\$1.5	\$1.9	\$16.1	12%	88%
Total retail	\$19.8	47%	\$9.3	\$10.5	\$33.8	31%	69%

Source: Spendmapp by Geografia; Tim Nott

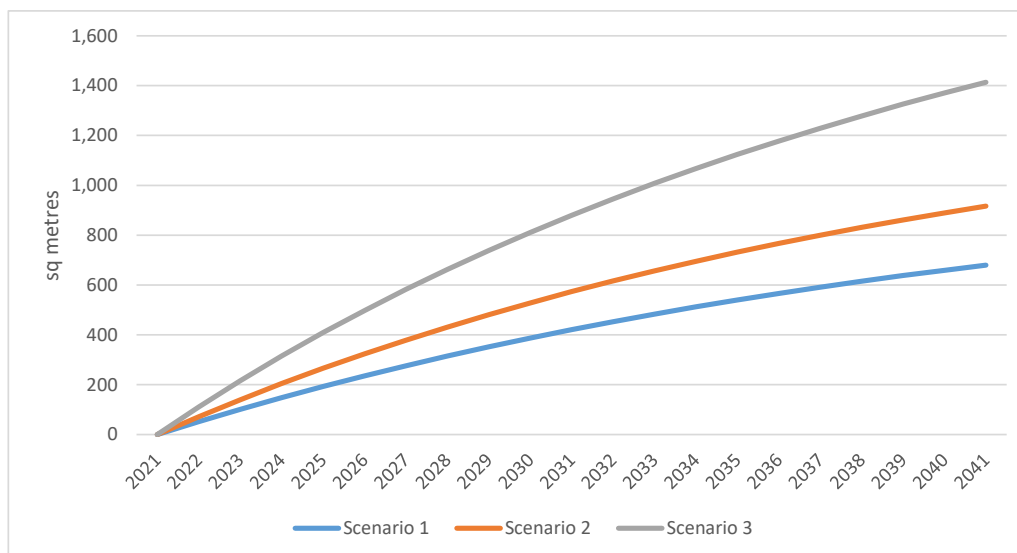
### 3.10 Demand Scenarios for Retail Floorspace

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

- The retail spending of trade area residents will grow in real terms by 0.5% per year on average over the period. This reflects a modest growth in incomes over and above inflation. This is likely to be a conservatively low assumption given the potential for an influx of relatively well-paid workers as a result of major infrastructure projects.
- The share of retail spending by trade area residents flowing to Foster will grow slightly from 31% to 33% over the period, with the growth of internet shopping more than balanced by a growth in the increased provision of food and grocery shopping.
- The share of sales to visitors remains constant at 47% of the total. This implies that sales to visitors will grow at the same rate as sales to residents.
- Retail sales per square metre gradually increase to be closer to Victorian average levels as visitor spending is spread more evenly throughout the year and as retailers become more space efficient, with the introduction of new checkout technologies, improved space management and logistics etc. This results in assumed annual retail turnover densities averaging \$8,000/sqm for food, groceries and liquor, \$5,500/sqm for food catering and \$3,500/sqm for other retailing.
- The balance of spending on different retail types will remain the same over the period

- The capacity of Foster to accommodate the predicted growth in building area and the resulting car-parking is more or less unfettered (and this is tested further in the following section)

**Figure 17: Scenarios for retail floorspace demand in Foster, 2021 to 2041**



Source: Tim Nott

- Scenario 1.** based on the VIF2019 population forecasts, envisages demand for an additional 680 sqm of retail floorspace over the period 2021 to 2041
- Scenario 2.** based on the population growth rate of the Foster SA2 from 2016 to 2019 envisages demand for an additional 920 sqm of retail floorspace
- Scenario 3.** based on the population growth rate of the Foster SA2 from 2011 to 2019 envisages demand for an additional 1,410 sqm of retail floorspace

### 3.11 Growth in Non-Retail and Total Floorspace

Compared with demand for shop-space, demand for non-retail floorspace is much more difficult to estimate as each non-retail activity has its own demand characteristics which are often not directly related to the size of the population catchment. The most straightforward approach, taken here, is to review whether the proportion of non-retail space is likely to remain the same as at present and to calculate the total space requirement accordingly.

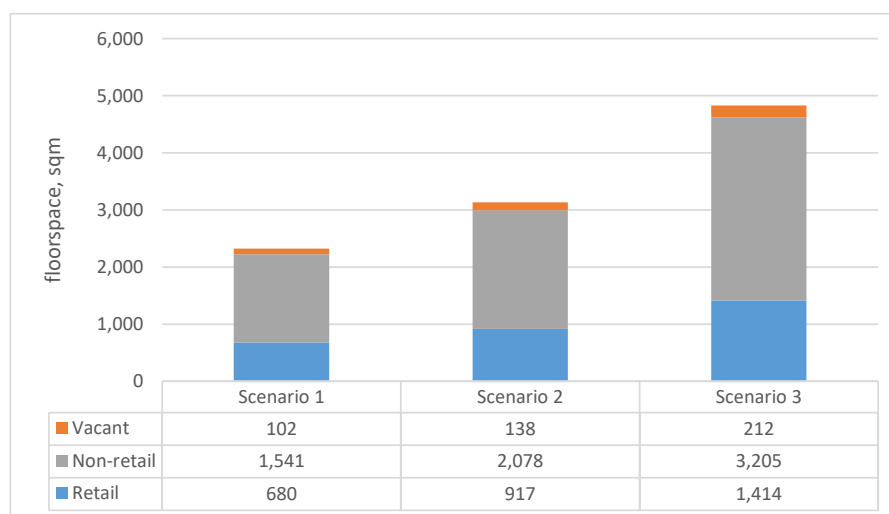
In the case of Foster, I make the following observations:

- Although not impossible, it is difficult to envisage the construction of a major new **hotel** in the town centre; any such hotel for the region would more likely require a natural outlook in keeping with the region's main attraction. There may be the potential for shop-front **bars** where none exist currently, or bars which are part of boutique breweries, wineries or distilleries.

- Demand for commercial **offices** is likely to grow at least in line with population growth as the growing population looks for financial and legal advice and incoming professionals seek space outside their home in an accessible and bustling centre to conduct business (once fears of COVID-19 have dissipated). This could include demand for co-working spaces and business incubators.
- **Entertainment, tourism and recreation** facilities such as gyms, yoga studios, boutique breweries, craft workshops etc, are likely to make an appearance in the centre, given the opportunity, along with new types of facilities that will emerge over the next 20 years.
- Following discussion with Council officers and others, growth in demand from **State Government agencies and Council services** is likely to be subdued and very likely to be satisfied on existing government land parcels.
- Other areas of potential growth include **wholesale and light industrial activities** (auto services, storage etc). However, these activities would be best located away from the shopping precinct, allowing the town centre to focus on pedestrian-focused activities such as retailing, entertainment and office services.

Given the likely growth of offices and recreation activities, and the possible decline of light industrial activities, I have assumed that the share of non-retail space (and vacant space) will remain the same in 2041 as at present. This means that the growth in demand for space in the commercial areas of Foster is as follows:

**Figure 18: Growth in demand for Commercial floorspace, Foster 2021 to 2041**



Source: Tim Nott

Very broadly, the growth in demand for Commercial floorspace varies between 2,000 sqm in Scenario 1 to 5,000 sqm in Scenario 3. These figures exclude any residential development that may occur in the town centre.

The scale of growth in floorspace demand identified in these scenarios does not automatically suggest the need to accommodate a major new retailer or other activity. Even under the higher



growth scenario, for example, food and grocery retailing is expected to grow by 930 sqm over the period. This is not sufficient to automatically trigger the need for a substantial new supermarket, although one of the existing supermarkets may wish to expand or relocate in order to cater for the growing demand. Given the dense existing development and lack of vacant sites in the town centre, this may prove challenging although not impossible.

### 3.12 Land for Commercial Growth

The demand for additional commercial floorspace in Foster will naturally require additional land to be developed or redeveloped. I have assumed that almost all this additional floorspace will be required in the existing town centre and the mixed use precincts. There may be potential to accommodate some cafés, bike hire and related retail space at the old station complex on the Great Southern Rail Trail at the southern boundary to the urban area. Such activity would service cyclists and other users of the Rail Trail, creating a rest stop that would improve the facility as a tourist icon. These services could also provide a further recreational focal point for the local community and workers from the industrial precinct. However, the scale of any such facility would necessarily be small – less than 500 sqm all told – in order not to detract from the role of the town centre as the principal retail focus of the district.

The amount of land required will depend on a number of factors.

- **Multi-storey development** is presently restricted to only one or two buildings in the town centre. Even the historic hotel has a single storey format. The development of two storey buildings (or more) would allow offices and dwellings to be located above, leaving the ground floors for shop-front uses. This will be important if the town centre is to accommodate growth but could change the character of the centre unless well-designed. I have allowed for 10% of the growth in floorspace to be accommodated in upper floors.
- **Car-parking** requirements in the South Gippsland Planning Scheme are generally for 3.5 car spaces per 100 sqm of commercial floorspace (or 5 spaces per 100 sqm for a supermarket). At 35 sqm per car space, for single storey developments, this requirement more than doubles the amount of land needed to accommodate the building floorspace. There is debate about the actual amount of car-parking required to service new developments in an existing centre. Most local authorities accept that a reduction in car-parking requirements in town centres is often needed to encourage development, especially where the community desires to support an existing centre and prevent the fragmentation of service provision, thereby contributing to a more sustainable urban form. In addition, it seems likely that there will be substantial changes to the way private transport is organised over the next 20-30 years. Electric cars will undoubtedly become more prevalent, to be the majority over the next 20 years<sup>3</sup> or less. These will require charging infrastructure as part of the car-parking arrangements, changing the shape and land-requirement of car parks. In a further development, the introduction of self-driving vehicles will also drastically change the demand for parking. Experts are divided on when autonomous vehicles will become prevalent, with predictions ranging from 10 to 40 years from now. All major car companies are investing in autonomous vehicles so, again, it appears very likely to happen. Autonomous vehicles will likely usher in the era of transport as a service, in which more

<sup>3</sup> Many car-producing countries have legislated to ban petrol and diesel cars already – Norway by 2025, Denmark, India and Germany by 2030; Britain in 2035 and China and France in 2040. It is almost inevitable that Australia will do the same.

vehicles will be shared, with proportionately fewer on the road. The ability to summon a vehicle as required will greatly reduce the need for parking spaces in crowded urban spaces. In the Foster context, this could mean doing away with the off-street parking, releasing it for further development and, potentially, demand for out of centre car-parking for idle vehicles that can be ordered as required. While this kind of development is some way in the future, it is worth bearing in mind so that we do not lock in elaborate and expensive car-parking arrangements that may later prove superfluous and deter investment in other activities. For the purposes of this report, I have assumed a parking requirement of 2 spaces per 100 sqm of commercial floorspace. There may be potential to introduce a parking levy for new developments, waiving the need to provide parking spaces as part of each development, and financing a collective Council car-park, if a suitable site can be found.

- **Site coverage.** Currently, around 50-70% of Commercially zoned lots in the town centre is taken up by buildings, with the remainder providing parking and pedestrian areas. Site coverage in the Mixed Use precinct is of the order of 30%. For these calculations, I have assumed that 90% of the commercial lots will be covered by either building or parking and the remainder by landscaping or pedestrian areas.

These considerations lead to the land requirement shown in the following table.

**Table 11: Notional land required to accommodate commercial floorspace growth, Foster, 2021 to 2041**

	Scenario 1	Scenario 2	Scenario 3
Growth in floorspace, 2021 to 2041 (sqm)	2,323	3,132	4,831
Share of space upstairs	10%	10%	10%
Land required for building (sqm)	2,091	2,819	4,348
Car parking ratio (spaces per 100 sqm)	2	2	2
Land required for parking (sqm)	1,626	2,193	3,381
Land required for parking and building (sqm)	3,717	5,012	7,729
Site coverage (parking and building)	90%	90%	90%
Total land required	4,130	5,569	8,588

Source: Tim Nott

The notional land requirement to accommodate commercial growth in these scenarios varies from 4,100 sqm in Scenario 1 to 8,600 sqm in Scenario 3.

### 3.13 Locations for Commercial Growth

Options for accommodating growth in commercial activities include:

- Occupation of existing vacant space
- Development of vacant land in the town centre or mixed use precinct
- Redevelopment of existing houses in the commercial precincts
- 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, including existing light industrial occupiers
- Reducing the car-parking requirement still further
- Encouraging double storey development to provide room for non-retail activities to locate above shops
- Use of outdoor spaces in and close to the town centre to provide flexible market-style retailing (as currently happens beside the art centre, for example)

The following map shows where there is potential for growth in the existing town centre.

**Figure 19: Potential for growth, Foster town centre**



The vacant sites in the town centre amount to approximately 4,700 sqm. This is sufficient to cater for the low growth scenario, so long as the sites are available for development at the appropriate time. For the medium and high growth scenarios, additional strategies will be needed, including:

- redevelopment of existing buildings or development of new buildings on sparsely used sites, with more efficient use of land, particularly in those areas highlighted on the map – around Court Street and on the west side of Stockyard Creek

- if possible, relocation of light industrial uses (including the bus depot etc) to the industrial precinct
- more extensive use of the mixed use precinct for larger peripheral commercial activities (wholesaling, hardware sales, fuel and automotive sales etc) as well as emergency services (CFA and Ambulance Victoria, for example)
- introduction of a parking levy and development of a Council car park on a suitable site (and this would allow redevelopment of that single site should car-parking later become not required); the commercial zoned vacant land rear of 2-8 Church Hill Road at the eastern entry to the town centre may be suitable for this purpose
- if necessary, extend the boundaries of the Commercial zone. There are several options for extending the town centre boundary, including:
  - to the south along Station Road, where some non-residential uses are already apparent in the Residential Zone
  - to the north-east along Fish Creek-Foster Road to join up with the Mixed Use Zone

From a policy viewpoint, it is important to ensure that the town centre remains the focus of the normal retail and office activities in order to retain this vibrant focal point for the community and to encourage walking and active transport access for sustainability purposes. The Economic Development Strategy 2021-2031 includes a policy to support towns and main streets growing and thriving into the future (6.1). The mixed use precinct is suitable for those larger format activities which are better accessed by car and which do not act as retail anchors for other services. Supermarkets, for example, should remain in the town centre as these attract investment by other services and are a key part of multi-purpose trips by centre users.

As can be seen in Figure 13, the Mixed Use precinct does have several vacant sites which, including a 5,200 sqm parcel of Crown land, total almost 8,000 sqm. In addition, there are several houses and some under-developed parcels that could easily accommodate more buildings (although some roads would need to be sealed to provide appropriate access). Council recently purchased 4 Power Street with the intention to use it as a depot site. The Mixed Use Zoning (MUZ) of the precinct may be a deterrent to its development as a large format commercial area. MUZ is essentially a housing zone which allows some employment activities. Commercial 2 Zoning would send a clearer signal about the strategic intent for the precinct as a large format services and employment area. However, the precinct is at the most important entry to the town so attractive building and urban design here will be important for the community as a whole.

**In summary,** I believe that the town centre will have some difficulty in accommodating the commercial growth envisaged in the medium and high population growth scenarios presented here, even if there is a modest level of first floor development. There is currently a lack of vacant land or premises to accommodate the higher growth scenarios. However, there are a series of under-developed sites, often with uses that would be better suited to the industrial or mixed use precincts. Site assembly of these sites would be required to ensure efficient and well-designed development; and this may be a role for Council. Ongoing review will be needed to understand the evolving requirement for car-parking in the light of wider technological change. This will have a substantial impact on the demand for land. One solution would be to replace the need for the provision of parking in each development with a levy to develop collective parking if a suitable site can be found. This would reduce the amount of land required for each individual development by around 40%.

The timing of any consolidation or expansion will depend on the level and type of demand expressed and the willingness of local property owners. Council's role will be to set the policy framework for

broadly where any expansion should take place and broadly the type of activities that will best be located in the town centre and the mixed use precinct. This will allow the centre to evolve in line with the emerging demands for property, which remain uncertain in the light of societal and technological change. Council may also choose to undertake site assembly to enable consolidation if this is not currently being done by the private sector.

## 4 INDUSTRIAL

Industrial activities in Foster, that is, manufacturing, wholesaling, transport, construction, automotive services, and related activities, are located in the town centre, the mixed use precinct and the industrial precinct, as well as on farms in the surrounding district. This section focuses on the industrial precinct.

### 4.1 Industrial Precinct

The industrial precinct in Foster is shown in the following diagram. The precinct covers approximately 7.4 hectares at the south eastern corner of Fullers Road and Lower Franklin Road at the southern end of the Foster settlement. The precinct is zoned Industrial 1 and is the closest part of the settlement to the sewage treatment works.

**Figure 20: Industrial precinct in Foster**



Source: IntraMaps

All the lots along Lower Franklin Road have been developed and are occupied by industrial activities to some extent. One large parcel of approximately 2.9 hectares facing Fullers Road remains vacant and is yet to be developed. The existing lots are developed at a range of sizes, generally between 1,000 sqm and 8,000 sqm.

The location of the precinct is suitable from an urban development point of view, being separated from housing and close to the sewage treatment works; but the area gets very little passing traffic which could provide a revenue boost to the businesses located there.

The activities in the precinct include:

- Auto repairs
- Mower repairs
- Marine engineering
- Wholesale hardware
- Dairy equipment
- Self-storage
- Concrete batching
- Transport

- Engineering and electrical contractors

These activities are typical of small town industrial precincts and provide important services for the district farm sector as well as town businesses and residents.

#### **4.2 Recent Demand for Industrial Land**

Council records show that there have been no occupancy permits for new factory or warehouse buildings in the Industrial precinct since 1995, and that the last permits – in 2004 – were for the re-erection of a caretaker's residence. Similarly, there has been no development of industrial buildings in the mixed use precinct since before 2000; the only occupancy permits in the 2000s have been for dwellings.

There has been some small demand from new industrial activities, indicated by the construction of an industrial shed at 50 Lower Franklin Road as a continuation of the row of industrial buildings in the Industrial Zone.

#### **4.3 Future Demand for Industrial Land**

The lack of recent activity and demand may indicate that there will be no demand for industrial land in the future. However, there are a number of factors which suggest that some expansion of industrial activity needs to be provided for:

- Ongoing population growth will create additional demand from residents for automotive services, equipment repairs and hardware sales.
- Ongoing changes in the retail sector may create demands for local warehousing solutions.
- Major coastal infrastructure projects in the region such as the Star of the South Windfarm may create demand for local engineering and other services. Foster may be seen as a good location because it is close and has a significant local workforce.
- Increasing investment in a diversified agribusiness sector in the region will increase demand for suppliers, contractors and off-farm storage solutions.
- Growing urban development in Foster and the surrounding district will generate demand for construction activities – plumbers, electricians, carpenters, earth-moving, frame-builders, equipment hire etc.

While real estate agents report low levels of enquiry for industrial land, it may be that there has been no recent development because there is no serviced land available at an appropriate size and cost. There are no available lots zoned Industrial 1 in the size range which is currently occupied and for which there has been demonstrated demand in the past (that is, the 1,000 to 8,000 sqm lots).

In addition, if the light industrial uses currently occupying space in the town centre are to find alternative locations to make room for growing commercial activities, then new industrial lots will be required.

In my view, it would be helpful for the business sector and the strategic development of the town if some further serviced industrial lots could be made available. As an indication, I estimate that the large vacant Industrially zoned lot could be subdivided to provide up to 24 1,000 sqm lots, although the development could be staged to deliver a variety of lot sizes. Any such development would need to be attractive to potential occupiers, priced competitively, with appropriate industrial-scale roads and infrastructure, and setbacks that allow attractive landscaping.

In line with common practice in small towns throughout Australia, Council has the option to undertake the development of a new industrial estate. By doing this, Council would carry the risk on behalf of the community of a development that will only be taken up over the long term but which will generate significant community benefit, creating land for employment and freeing up valuable land in the town centre. Council will soon be undertaking an industrial land supply strategy which could consider this.

Should the vacant industrially zoned parcel not be available for development over the long term, or if an activity requiring a large parcel of industrial land be seeking a location in Foster, the land to the east or south of the existing subdivision would be strategically suitable and could provide sites of up to 8 ha.



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