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# YARRAGON TOWNSHIP PLAN

## ECONOMIC ANALYSIS

SMEC AND BAW BAW SHIRE COUNCIL | JUNE 2022 (UPDATED JULY 2023)



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1

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# 1. INTRODUCTION

## 1.1. BACKGROUND

Urban Enterprise was engaged by SMEC on behalf of Baw Baw Shire Council (**Council**) to prepare economic input to inform the preparation of the Yarragon Township Plan. The input includes:

- Economic analysis to contribute to the 'land use assessment and strategy' deliverable;
- Research on population projections and town demographics; and
- The preparation of a land supply analysis for residential, industrial and commercial land.

## 1.2. ABOUT YARRAGON

The town of Yarragon is located approximately 118km (1.5-hour drive) east of the Melbourne CBD, 14km east of Warragul and 8km west of Trafalgar in Baw Baw Shire as shown in Figure 1.

Yarragon has a well-established tourist role, catering to passing visitor trade along the Princes Highway. The town is experiencing growing housing demand and development interest following a period of significant growth in nearby Warragul and Drouin.

### F1. YARRAGON CONTEXT



Source: Urban Enterprise, 2022.

## 1.3. REPORT STRUCTURE

This report includes the following sections:

1. **Strategy and Policy Context** – A summary of key strategies relevant to the development of the Yarragon Township Plan from an economic, growth and settlement perspective.
2. **Population and Demographics** – An overview of the historic and projected population and demographic trends in Yarragon.
3. **Residential Land Demand and Supply** – An overview of the supply of residential land within Yarragon and provides an assessment of the likely future residential land needs based upon current and forecast demand.
4. **Economy and Employment** – Provides an overview of the local Yarragon economy, current retail offering and other employment land (commercial and industrial) within Yarragon and an assessment of the demand for future retail floorspace and employment land over the planning period. Identifies the likely future need for retail floorspace and employment land in Yarragon.

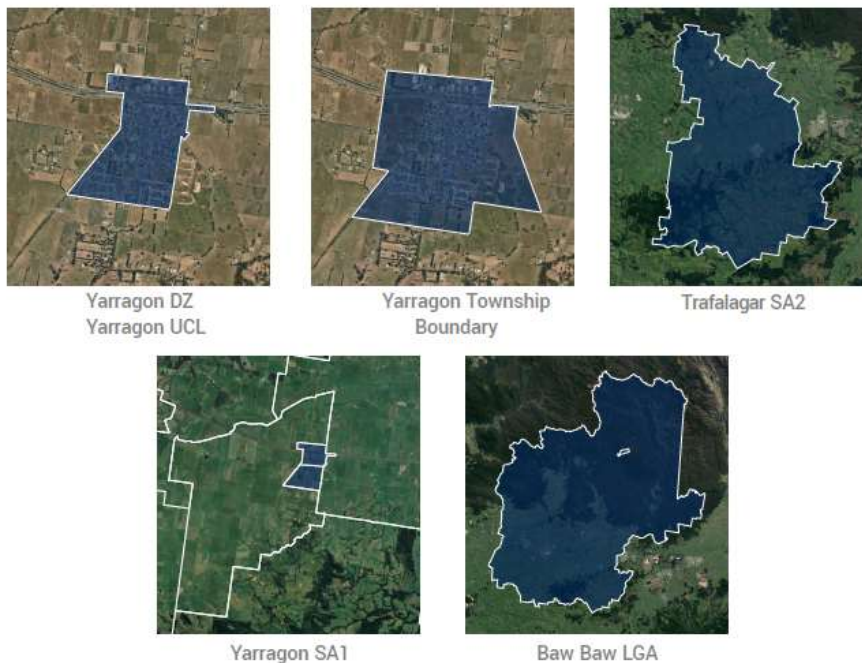
## 1.4. SPATIAL AREAS AND TERMINOLOGY

For the purposes of this report, the following data areas have been utilised:

- Yarragon Statistical Area 1s (ABS) – two SA1s combine to form the urban area of the town. SA1 data includes demographic information as well as local level dwelling approvals data.
- Yarragon Urban Centre / Locality (ABS) – this area covers all urban land in the town and immediate surrounds and is used by the ABS to provide demographic data primarily from the Census.
- Yarragon Destination Zone (ABS) – this area covers all urban land in the town and is used by the ABS to show data on place of work.
- Trafalgar SA2 (ABS), which includes the towns of Yarragon, Trafalgar, Thorpdale and surrounding rural areas. ABS publishes a range of demographic, housing and other data at the SA2 level, some of which is not available at smaller geographies.

A map of these areas is provided in Figure 2 below, along with the Baw Baw LGA boundary for which some data in this report is presented.

### F2. YARRAGON SPATIAL AREAS



Source: Urban Enterprise 2022.

## 2. STRATEGY AND POLICY CONTEXT

### 2.1. INTRODUCTION

This section provides a summary of key strategies relevant to the development of the Yarragon Township Plan from an economic, growth and settlement perspective.

### 2.2. REGIONAL AND MUNICIPAL SETTLEMENT AND GROWTH

#### GIPPSLAND REGIONAL GROWTH PLAN

The Gippsland Regional Growth Plan provides strategic guidance for the future development and growth of the Gippsland Region. The Plan includes the following four guiding principles:

- “Strengthen economic resilience by growing a more diverse economy that is supported by new investment, innovation and value-adding in traditional strengths;
- Promote a healthy environment by valuing Gippsland’s environmental and heritage assets, and by minimising the region’s exposure to natural hazards and risks;
- Develop sustainable communities through a settlement framework comprising major urban centres that ensures residents have convenient access to jobs, services, infrastructure and community facilities; and
- Deliver timely and accessible infrastructure to meet regional needs for transport, utilities and community facilities.” – *pp ii to iii.*

The plan does not identify a specific role for Yarragon, however the town is located within close proximity to Warragul / Drouin which is identified as a sub regional network and a location where growth should be promoted.

#### BAW BAW SETTLEMENT MANAGEMENT PLAN

The Baw Baw Settlement Management Plan was prepared in 2013 and provides a framework for future settlement in the municipality. The Plan was prepared to address strong population growth within Baw Baw Shire and to ensure future residents are accommodated within the municipality.

The SMP identifies that Yarragon is expected to continue to experience moderate population growth and based on development rates was expected to exhaust the available residential land.

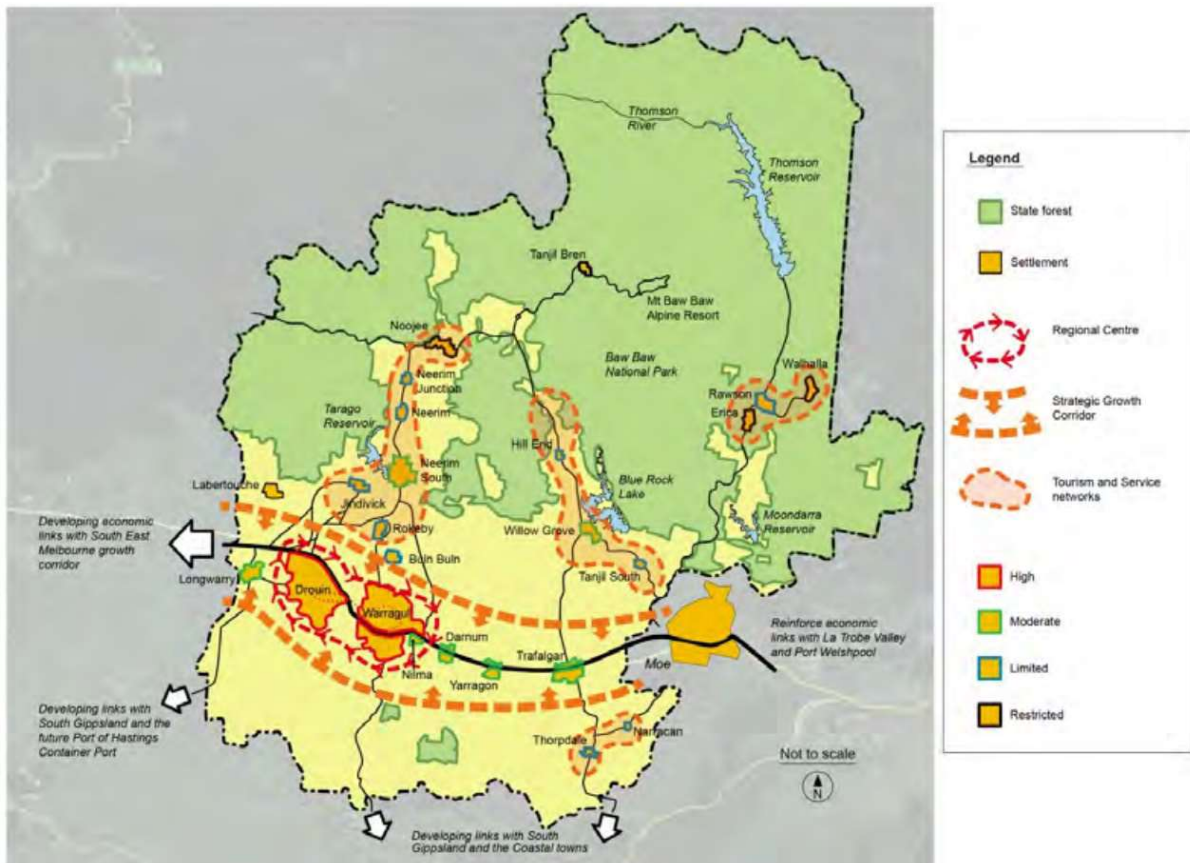
The SMP notes that the future expansion of the Yarragon township boundary would require significant infrastructure (sewer and water) investment.

#### CURRENT PLANNING POLICY

The Baw Baw Planning Scheme provides policy direction for the future growth and development of the municipality. Figure 3 provides a summary of the overall directions for settlement within Baw Baw Shire.

In respect of Yarragon, Clause 21.03 Settlement identifies Yarragon as a medium sized township with local service roles and a location to accommodate a moderate level of growth suitable for the level of infrastructure available.

### F3. DIRECTIONS FOR GROWTH, BAW BAW SHIRE



Source: Baw Baw Planning Scheme.

## 2.3. EXISTING LOCAL PLANS AND POLICIES

### SETTLEMENT MANAGEMENT PLAN

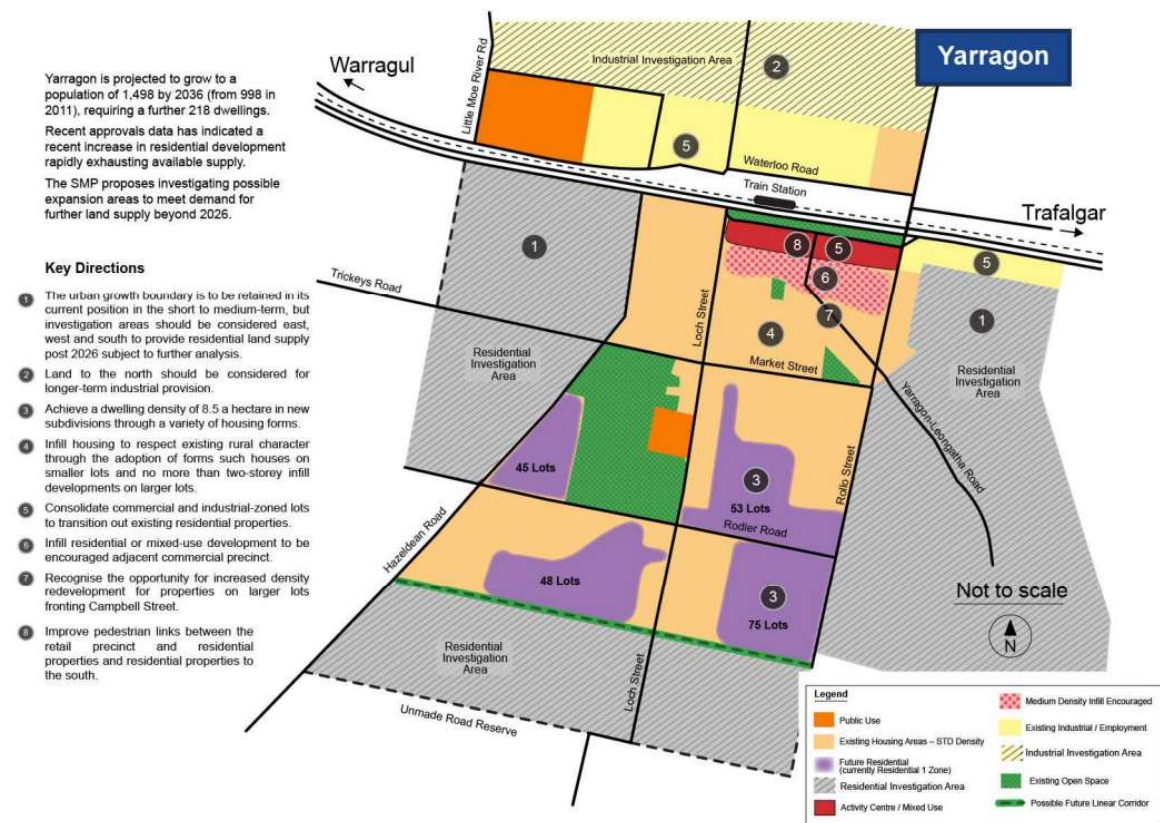
The SMP provides the following local level direction for Yarragon:

- Urban Growth Boundary to be retained however investigation areas to south, east and west should be considered for future supply of residential land.
- An expansion of the town centre to the east may also be required to support the future growth of the town.
- Future housing should be in keeping with existing rural character and housing which increases density should be on smaller lots or no more than 2 storey units. Infill development should be encouraged, particularly adjacent to the commercial precinct. The preferred density of housing is 8.5 dwellings per hectare.
- Consolidation of commercial and industrial lots should be encouraged to allow further development.

The SMP directions for Yarragon are shown in Figure 4.



## F4. YARRAGON DIRECTIONS, SETTLEMENT MANAGEMENT PLAN



Source: Baw Baw Settlement Management Plan, 2013.

### PLANNING POLICY

Clause 21.04-06 provides specific direction for the future development of Yarragon. The clause identifies Yarragon as the fourth largest town in Baw Baw Shire and notes that its township boundary is to be retained in the short to medium term, however further development post 2026 should be considered to the east, west and south of the town.

A summary of relevant actions / objectives is provided in Table 1 and the Structure Plan included in the Clause is shown in Figure 5.

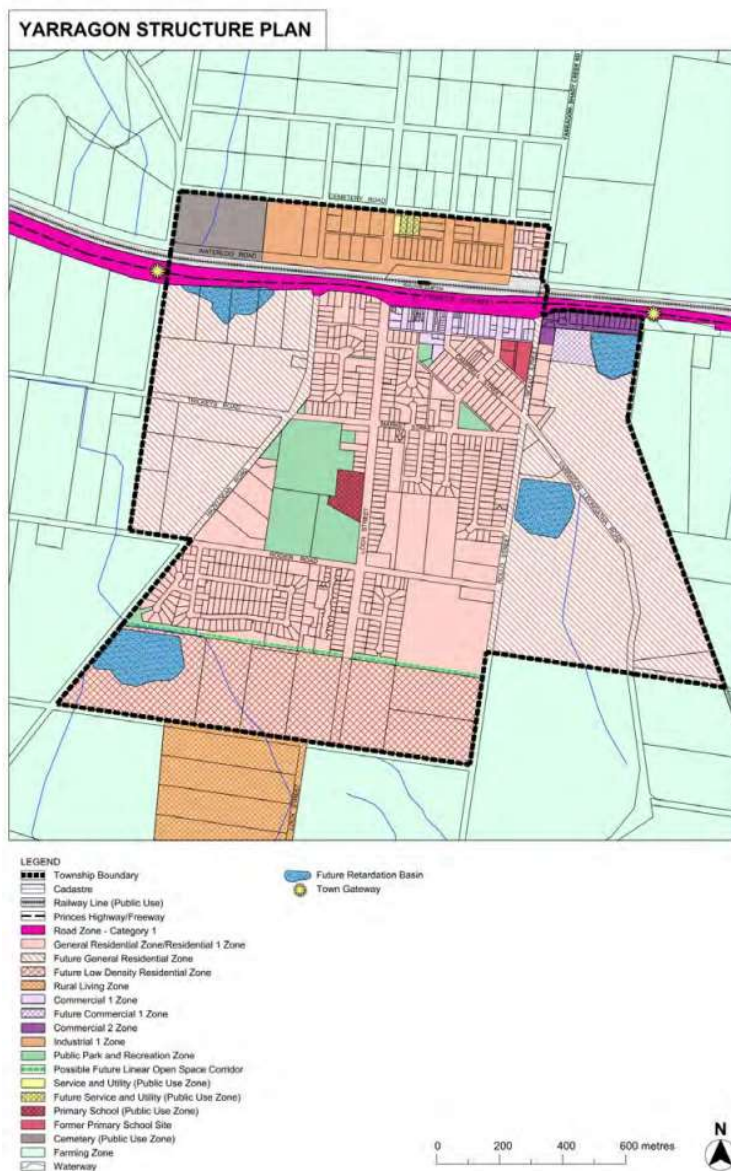
### T1. CLAUSE 21.04-6 – MAIN TOWNS – YARRAGON SUMMARY

Land Use	Actions
Residential	<ul style="list-style-type: none"> <li>• Direct residential growth to south of Princes Freeway</li> <li>• Preferred directions for growth to be supported which will provide long term supply while maintaining town character and providing housing choice:</li> <li>• West - Standard residential densities through the application of the General Residential Zone;</li> <li>• East - A mix of uses and housing forms through the application of the General Residential Zone and Commercial 1 Zone</li> <li>• South – lifestyle housing through the application of the Low Density Residential Zone</li> <li>• Given the southern growth area will not trigger required sewer and water upgrades for township expansion this area will most likely be the first stage of growth. Subject to detail investigation and design, it may be possible that only minimal upgrade to the proposed Hazeldean Road retardation basin as identified in the Yarragon Drainage Strategy is required.</li> <li>• Land rezoned in the east and west should also have a Design and Development Overlay (or similar control) to ensure development enhances town gateways.</li> <li>• Locate medium density residential development close to commercial centres and community facilities.</li> </ul>

Land Use	Actions
	<ul style="list-style-type: none"> <li>Encourage integrated development through the participation of servicing authorities to define areas in Yarragon that can be readily supplied with infrastructure.</li> <li>Encourage increased densities for properties fronting Campbell Street. The large lots (up to 1800sqm) are adjacent to the retail strip and could accommodate medium density housing development. The large lot abutting laneway reserves present access options.</li> </ul>
Commercial	<ul style="list-style-type: none"> <li>Consolidate existing commercial and industrial lots to allow further development.... includes the transition of residential properties within the Commercial and Industrial 1 Zones.</li> </ul>
Industrial	<ul style="list-style-type: none"> <li>Concentrate industrial development on the Industrial 1 Zone land to the north of the Princess Freeway.</li> </ul>

Source: Baw Baw Planning Scheme.

## F5. YARRAGON STRUCTURE PLAN, 2010



Source: Baw Baw Planning Scheme.

## 2.4. ECONOMIC STRATEGY AND POLICY

### BAW BAW ECONOMIC DEVELOPMENT STRATEGY, 2022 TO 2025

The Baw Baw Economic Development Strategy (2022 to 2025) provides guidance for the economic growth of the Baw Baw economy. The Strategy identifies key industry drivers for the municipality, impacts of the Coronavirus pandemic, the role of Council, economic opportunities and challenges and key focus areas.

The key focus areas identified include leadership and advocacy, business attraction and investment, business and workforce development and visitor economy and major events. The Strategy identifies four key areas of focus for advocacy and are health, education, supporting community resilience and services and security (including water and sewerage services).

The Strategy also identifies that to support business attraction Council will initiate a Better Business Program. The program would include two streams including an improvement of the Better Approvals process and have an Investment Incentive Scheme to support large businesses which would have economic benefit to the region. Key industry sectors to be supported through the Scheme include:

- Tourism;
- Food and Agribusiness;
- Health and Wellbeing;
- Education and Research; and / or
- Renewable Energy.

As part of the Business and Workforce Development, the Strategy also identifies that Council will partner with private businesses and government to 'redefine coworking spaces' including developing a 'Work from Home Hub'.

A key focus for the Strategy is also the Visitor Economy and Major Events, with key initiatives including 'targeting Council's resources to work closely with industry, stakeholder groups and communities to create significant, high quality visitor experiences across the region' and undertake a 'regional approach to Destination Action Plans' with Council to 'develop a consistent approach to tourism across Baw Baw Shire and incorporate the Destination Action Plans with the Economy Development and Visitor Economy Strategy 2022-2025 and apply key initiatives across the region'. As part of this initiative Council will continue to support three destinations previously identified, Noojee and Surrounds, Walhalla and Mountain Rivers and Yarragon and Surrounds, improve infrastructure within key tourism destinations, support industry training and development opportunities, investigate opportunities for enhancing the appeal of townships and improving visitor signage.

In relation to industrial land, the Strategy identifies the rezoning of a site in Longwarry previously identified as potentially suitable for industrial purposes as a tier 2 advocacy project for Council. It is proposed the site is rezoned from farming zone to one of the industrial zones.

The Strategy also identifies that to support future development and strategic growth within Baw Baw, Council will develop "a network to shape the future of commercial, industrial and agricultural infrastructure...This group would include representatives from Council, SP AusNet" to support better collaboration between Council, the private sector and the State government. The Strategy note Council is currently preparing an Economic Land Use Strategy to "identify opportunities for the development and the future economic land use."

## LOCAL POLICY

Clause 21.07 provides policy direction relevant to economic development objectives in Baw Baw Shire:

Objectives and strategies relevant to Yarragon include:

- Clause 21.07-2 Overview:  
Objective 1 To establish and maintain a strong, dynamic economy and employment base by building on the comparative advantages in primary industry, timber, transport, tourism, education, manufacturing, service industry and commerce.
- Clause 21.07-4 Secondary and Tertiary Sectors:  
Objective 1: To recognise and support manufacturing, service industries and the tertiary sector (education, Administration, retailing, services) as major contributors to the local economy.
  - Support Trafalgar and Yarragon as important centres for manufacturing, service industries and the tertiary sector.
- Clause 21.07-5 Tourism:  
Objective 1: Seek to attract high quality tourist development that is compatible with the environmental values of the area.

## 2.5. KEY POINTS

- **Yarragon is identified at the municipal level as a location with policy support for moderate growth.**
- **Local level planning policy recognises that residential land is likely to be exhausted in the medium term and identifies investigation areas for urban expansion.**
- **Current local policy promotes consolidation of residential, commercial and industrial areas while recognising the importance of town character.**
- **The most recent local level plan prepared for Yarragon was prepared on the basis that a total of 218 additional dwellings would be needed in the town over the period 2011 to 2036, an average of 9 additional dwellings per annum.**
- **Economic strategy and policy recognise the important role of tourism in Yarragon and the secondary role of industrial activity in the town.**

# 3. POPULATION AND DEMOGRAPHICS

## 3.1. INTRODUCTION

This section of the report provides an overview of the historic and projected population and demographic trends in Yarragon and the surrounding areas.

## 3.2. POPULATION

The population of Yarragon (UCL) increased from 1,125 residents in 2016 to 1,387 residents in 2021, an increase of 262 residents at a rate of 4.3% per annum as shown in Table 2.

### T2. YARRAGON UCL POPULATION, 2016 TO 2021

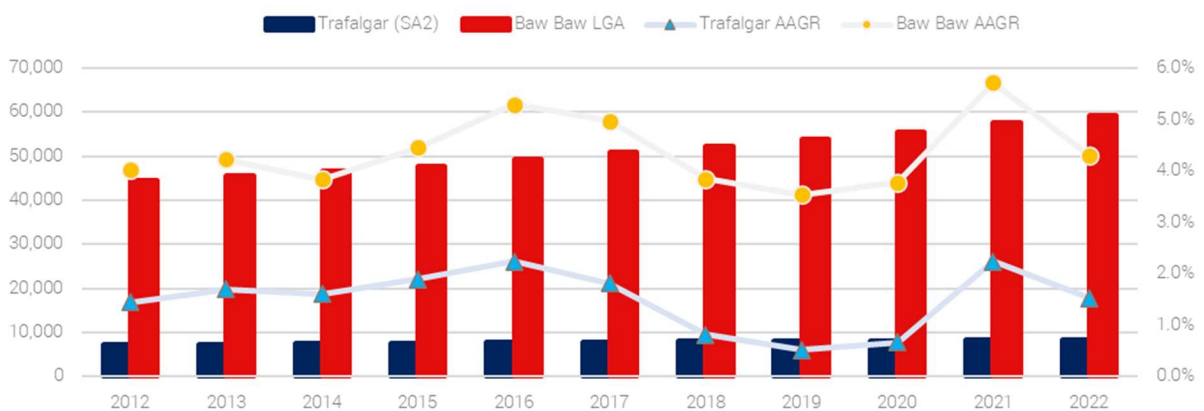
Details	2016	2021	Change	AAGR%
Yarragon UCL	1,125	1,387	262	4.3%

Source: Census, Australian Bureau of Statistics, 2016 & 2021.

The Estimated Resident Population (ERP) of the broader Trafalgar SA2 (including the towns of Yarragon and Trafalgar) increased at an average of 1.5% per annum over the period 2012 to 2022, lower than the municipal average of 2.89% over the same period (see Table 3).

As shown in Figure 6, the rate of population growth in the Trafalgar SA2 area slowed in 2018 – 2020 before increasing strongly in the year to 2021 which was impacted by the COVID pandemic.

### F6. ESTIMATED RESIDENTIAL POPULATION, 2012 - 2022



Source: Estimated Residential Population, ABS, 2023.

### T3. ESTIMATED RESIDENTIAL POPULATION, 2012 - 2022

Year	Trafalgar (SA2)	Baw Baw (LGA)
2012	7,270	44,506
2022	8,440	59,182
Change	1,170	14,676
AAGR (10 year)	1.50%	2.89%

Source: Estimated Residential Population, Australian Bureau of Statistics, 2023.

## COMPONENTS OF POPULATION GROWTH

The primary driver of population growth in Baw Baw Shire is Net Internal Migration (NIM), indicating that the municipality is a net 'attractor' of residents from other parts of Australia, especially metropolitan Melbourne.

On average each year, NIM accounted for 74% of population growth in Baw Baw Shire from 2017-2020 and 82% of growth since 2021 (when NIM increase and overseas migration decreased during the period directly impacted by the COVID pandemic).

### T4. COMPONENTS OF POPULATION GROWTH, 2017 TO 2022

Location	Component	2017-2020		2021-2022	
		#	%	#	%
Baw Baw	Natural Increase	235	17%	241	15%
	Net Internal Migration	1038	74%	1367	82%
	Net Overseas Migration	124	9%	52	3%
	<b>Total Increase</b>	<b>1397</b>	<b>100%</b>	<b>1660</b>	<b>100%</b>
Trafalgar SA2	Natural Increase	19	25%	35	25%
	Net Internal Migration	44	58%	98	71%
	Net Overseas Migration	14	18%	6	4%
	<b>Total Increase</b>	<b>76</b>	<b>100%</b>	<b>139</b>	<b>100%</b>

Source: Estimated Residential Population (with components), Australian Bureau of Statistics, 2022.

## 3.3. DEMOGRAPHICS AND HOUSING TYPES AVAILABLE

Table 5 provides a demographic snapshot of Yarragon and its immediate surrounds, including both recent indicators from the 2016 and 2021 Census and projected demographic characteristics based on forecasts prepared by Forecast ID for Council.

Key observations are as follows:

- The median age of the Yarragon community was 43 years as of the most recent Census, up from 41 years recorded in 2016. The aging population is a community-wide trend being experienced across Victoria. Despite this, current projections are for an increase in the proportion of younger cohorts including children and younger adults (covering age brackets from 0 to 29). This is consistent with the experience of many growing peri-urban towns which often attract young families to relatively affordable opportunities to build houses in new estates.
- Despite the growth projected in younger cohorts, growth is also projected on the other end of the spectrum, such as in those aged 75-79 years, as well as 80 years and over. These changes will have implications for the type of housing needed in the area.
- Housing occupied in Yarragon is dominated by separate houses fully owned or owned with a mortgage. A relatively low proportion of housing is rented. In these circumstances, the housing stock can be described as lacking diversity and potentially providing limited opportunity to accommodate households seeking rental tenure and / or smaller dwellings. Housing diversity (in terms of type, size and tenure) is important to enabling residents to remain in a location, as well as enabling new residents to be attracted, especially those working in lower paid jobs generally requiring more affordable housing and rental tenure.
- Current and projected demographic indicators point to the need to plan for two main cohorts:
  - An aging population generally requiring smaller dwellings; and
  - The younger family market attracted to opportunities to build new housing.

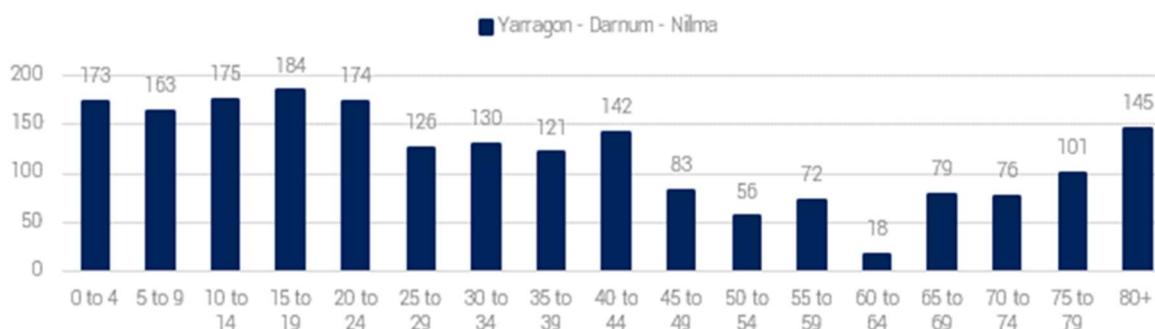


## T5. YARRAGON DEMOGRAPHIC PROFILE

Demographic Profile	Details	Yarragon (UCL)		Regional Vic	Forecast ID (Yarragon - Darnum - Nilma)	
		2016	2021	2021	2021	2041
Age Profile	0-4 years	7.8%	6.2%	5.4%	5.7%	6.8%
	5-9 years	5.4%	7.1%	6.0%	7.3%	7.6%
	10-14 years	5.2%	5.5%	6.2%	8.2%	8.4%
	15-19 years	4.3%	4.4%	5.6%	6.4%	7.5%
	20-24 years	5.8%	5.0%	5.1%	5.2%	6.6%
	25-29 years	6.7%	7.6%	5.8%	6.1%	6.2%
	30-34 years	8.4%	7.3%	5.9%	5.6%	6.0%
	35-39 years	4.6%	6.3%	5.9%	5.9%	5.9%
	40-44 years	5.1%	4.5%	5.6%	4.7%	5.6%
	45-49 years	4.6%	4.0%	6.1%	5.7%	5.1%
	50-54 years	6.6%	4.3%	6.4%	6.1%	4.8%
	55-59 years	7.3%	6.5%	6.7%	6.0%	5.0%
	60-64 years	8.1%	8.1%	7.0%	7.6%	4.9%
	65-69 years	7.7%	7.2%	6.7%	6.4%	5.4%
	70-74 years	5.0%	6.9%	6.0%	6.1%	5.1%
75-79 years	4.0%	4.5%	4.2%	3.5%	4.1%	
80+ years	3.2%	4.6%	5.5%	3.4%	4.9%	
Median Age	Age	41	43	43	N/A	N/A
Household Size	Persons per household	2.3	2.4	2.4	2.65	2.79
Dwelling Type	Separate House	96%	97%	90%	94%	N/A
	Semi-detached	4%	2%	7%	5%	N/A
	Flat, unit or apartment	0%	1%	2%	0%	N/A
	Other	0%	0%	1%	0%	N/A
Dwelling Tenure	Owned outright	31%	37%	39%	41%	N/A
	Owned with a mortgage	34%	36%	33%	40%	N/A
	Rented	17%	16%	24%	12%	N/A
	Other	17%	11%	2%	1%	N/A
Income	Median Weekly Household Income	\$1,077	\$1,363	\$1,386	N/A	N/A

Source: Australian Bureau of Statistics, 2016 & 2021 (TableBuilder); Baw Baw Forecast ID profile, 2022.

## F7. PROJECTED AGE CHANGE, YARRAGON - DARNUM - NILMA, 2021 - 2041



Source: Baw Baw Forecast ID, 2022.

### 3.4. PROJECTED POPULATION AND DWELLINGS

Two sets of population and dwelling projections have been considered:

- Victoria in Future (VIF), the official state government projections; and
- Forecast ID projections prepared for Baw Baw Shire.

It should be noted that the VIF projection was prepared prior to the onset of the COVID pandemic in early 2020, which has significantly disrupted migration and demographic patterns. Forecast ID projections were last updated in December 2022 (post-pandemic).

Table 6 summarises the population and dwelling projections. Observations are as follows:

- Forecast ID projects that the Yarragon - Darnum - Nilma area will grow by approximately 2,016 residents over the 20 year period between 2021 and 2041, at a rate of 2.6% per annum. This rate is higher than the projected growth rate across the Baw Baw Shire (2.1% per annum).
- Forecast ID projects that an additional 735 dwellings will be required between 2021 and 2041, equating to an average of 37 per annum.
- Victoria in Future (VIF) population projections for the broader SA2 are for a lower rate of growth (1.5% per annum), and result in a forecast need for 66 additional dwellings per annum across the SA2 between 2021 and 2036. The SA2 covers a wider area than the Forecast ID area, including Trafalgar, which explains the higher annual dwelling projections.

#### T6. PROJECTED POPULATION AND DWELLINGS, FORECAST ID 2021 TO 2041

Details	Location	2021	2026	2031	2036	2041	Net Growth	AAGR%
<b>Forecast ID</b>								
Population	Yarragon - Darnum - Nilma	3,013	3,588	4,097	4,578	5,029	2,016	2.6%
	Baw Baw	57,611	64,965	72,107	79,529	87,281	29,670	2.1%
Dwellings	Yarragon - Darnum - Nilma	1,247	1,427	1,612	1,797	1,982	735	2.3%
	Baw Baw	24,482	27,335	30,339	33,531	36,913	12,431	2.1%
<b>Victoria in Future</b>								
Population	Trafalgar SA2	8,393	9,041	9,794	10,482		2,089	1.5%
	Baw Baw	56,058	62,585	69,476	75,978		19,920	2.0%
Dwellings	Trafalgar SA2	3,563	3,828	4,183	4,551		988	1.6%
	Baw Baw	23,827	26,726	29,928	33,092		9,265	2.2%

Source: Victoria in Future, 2019 and Baw Baw Forecast Id, December 2022.



## HOUSEHOLD TYPES

Household type projections in the Yarragon – Darnum – Nilma area prepared by Forecast ID (Table 7) show that the greatest net increase is expected in the following household types: couples without dependents (+219), couple families with dependents (+214), and lone person households (+158).

The strong forecast increase in the number of lone person households indicates the importance of providing a diversity of housing types in the area, especially smaller dwellings.

### T7. HOUSEHOLD COMPOSITION PROJECTIONS, FORECAST ID 2021 - 2041

Household Composition	Yarragon - Darnum - Nilma				Baw Baw Shire			
	2021	2041	Net Growth	AAGR%	2021	2041	Net Growth	AAGR%
Couple families with dependents	349	563	214	2.4%	6,754	10,078	3,324	2.0%
Couples without dependents	396	615	219	2.2%	7,203	10,734	3,531	2.0%
Group households	14	27	13	3.3%	423	644	221	2.1%
Lone person households	265	423	158	2.4%	5,673	8,831	3,158	2.2%
One parent family	83	135	52	2.5%	2,282	3,533	1,251	2.2%
Other families	23	36	13	2.3%	480	719	239	2.0%

Source: Baw Baw Forecast Id Profile, 2022.

### 3.5. KEY POINTS

- In 2021 Yarragon had a population of approximately 1,387 residents and had increased at 4.1% per annum over the preceding 5 years. The population of the broader Trafalgar SA2 area increased at an average rate of 1.5% per annum over the period 2012 to 2022.
- The primary driver of population growth in Baw Baw Shire and the Yarragon area is Net Internal Migration, with residents attracted from other parts of Australia, especially metropolitan Melbourne.
- Despite an ageing population historically being a community-wide trend experienced across much of regional Victoria, local projections are for increases in younger cohorts including children and younger adults. This is consistent with the experience in many growing peri-urban towns which often attract young families to relatively affordable opportunities to build houses in new estates. However, it should be noted that projections also indicate concurrent growth in the proportion of the older (75+) age cohort.
- Population projections indicate the need for approximately 37 new dwellings per annum in the Yarragon - Darnum - Nilma area over the next 20 years (Forecast ID), and a total of 66 dwellings per annum over the period 2021 – 2036 in the broader Trafalgar SA2 area (Victoria in Future).
- Current and projected demographic indicators point to the need to plan for two main cohorts:
  - Older residents and single person households generally requiring smaller dwellings; and
  - The younger family market attracted to opportunities to build new housing.
- Housing occupied in Yarragon is dominated by separate houses fully owned or owned with a mortgage. Greater housing diversity (in terms of type, size and tenure) should be an important objective for the Structure Plan.

## 4. RESIDENTIAL LAND DEMAND AND SUPPLY

### 4.1. INTRODUCTION

This section provides an analysis of residential land demand and supply in the town.

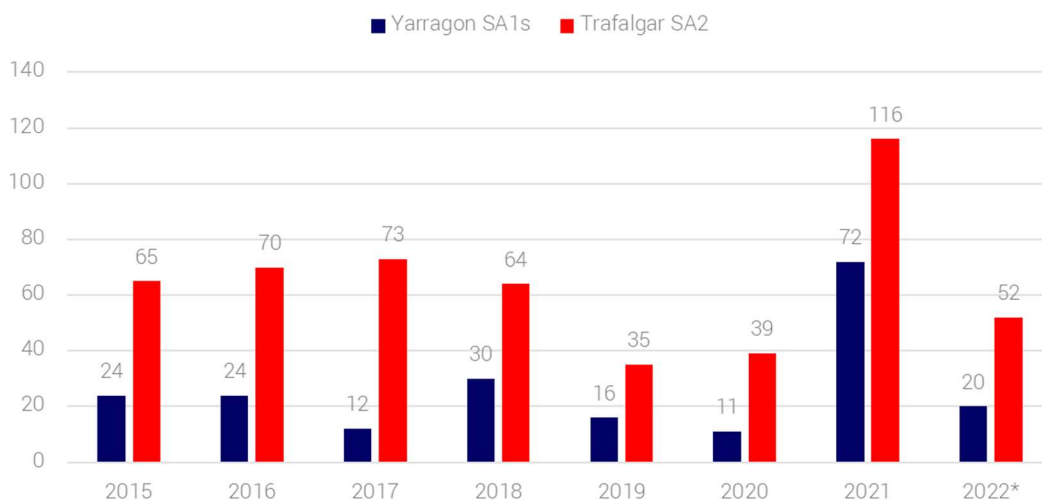
### 4.2. DEVELOPMENT ACTIVITY

#### DWELLING APPROVALS

The construction of new dwellings is one indicator of demand for additional housing. The indicator is useful to the extent that it reflects 'expressed' demand, and is limited by any periods of constrained opportunities for dwellings to be constructed, such as periods of limited land supply or few active developments.

In Yarragon, an average of 26 dwellings were approved for construction between 2015 and 2022 per annum, with a peak of 72 in 2021 which coincided with development of the Waterloo estate, the COVID pandemic and government stimulus for new home building. This level of approvals comprised 34% of all approvals in the Trafalgar SA2 over the same period.

#### F8. NEW DWELLING APPROVALS, ABS



Source: Building Approvals, Australian Bureau of Statistics, 2015 to 2022. 2022 based on extrapolation of approvals for the first 3 quarters.

#### LOT SALES

Another indicator of 'expressed' demand for housing and residential land is the volume and rate of vacant lot sales. This is a slightly leading indicator, in that dwelling construction follows some time after the sale of a new lot.

From January 2020 to April 2022, 82 vacant residential lots were sold in Yarragon. Since April 2022, no vacant lot sales have been recorded (less than 1,000sqm).

As shown in Figure 9, the majority (68 lots / 83%) of sales occurred in the Waterloo Estate during the 12 month period from Q2 2020 to Q1 2021. This represents the peak annual lot sales activity in recent years.

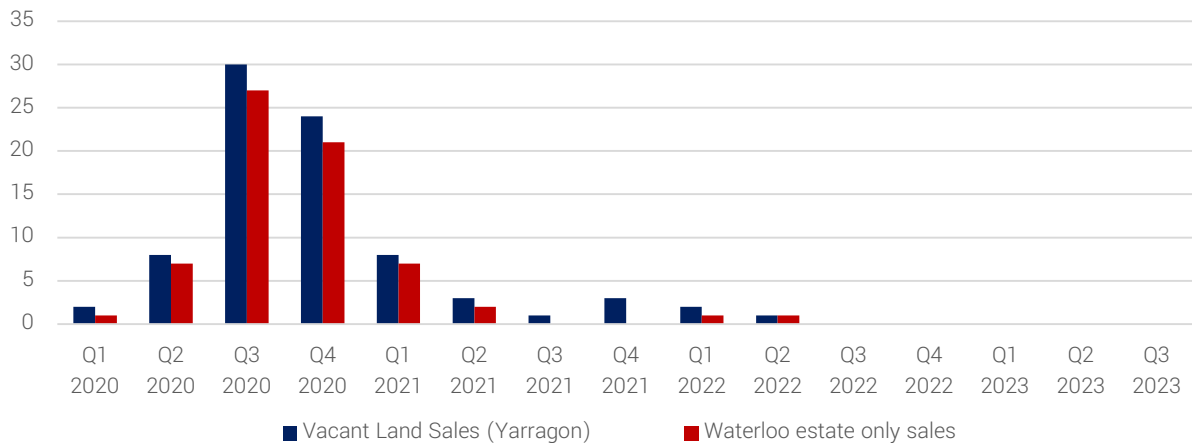
Aerial imagery indicates dwellings have been constructed on the majority of these recently sold lots, pointing to strong demand for dwellings in the town and a likely strong increase in the dwelling approvals rate compared with the historical average.

### T8. RECENT VACANT LOT SALES, REIV JAN 2020 TO JUNE 2023

Details	Number of Sales	Median Price	Median Lot Size
Vacant Lots sold	82	\$203,000	675

Source: REIV, 2023.

### F9. VACANT LOT SALES BY QUARTER, Q1 2020 – Q3 2022, YARRAGON



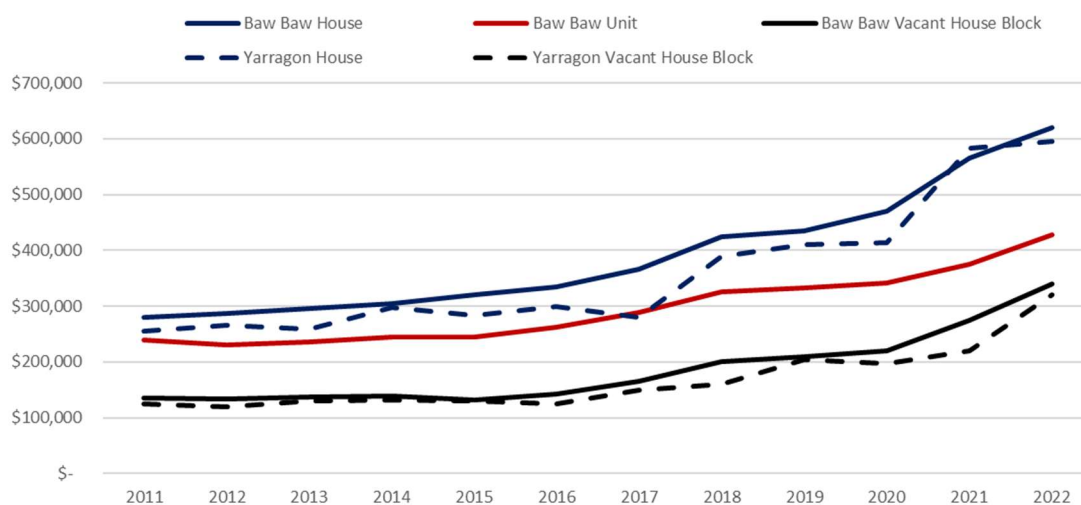
Source: REIV, 2023. Data limited to vacant residential lots less than 1,000sqm.

## 4.3. PROPERTY VALUES AND MARKET CONDITIONS

Property prices in Yarragon have experienced significant growth over recent years, with the value of vacant house blocks increasing by 9.9% on average per year over 2016 to 2022. The value of houses has experienced slightly higher growth at 11.7% per annum over the same period.

When compared to property value growth across Baw Baw Shire (LGA), Yarragon (Suburb) has experienced similar growth in house and lot prices, indicating that the demand ‘boom’ impacting Warragul and Drouin is also translating into strong demand conditions for nearby towns such as Yarragon.

### F10. PROPERTY PRICE GROWTH, 2011 TO 2022



Source: A Guide to Property Values, Valuer General, 2023.

Discussions with local real estate agents revealed the following observations regarding the local residential market:

- There is currently strong demand for housing within Yarragon;
- Most housing being delivered at present is in the order of 600sqm lots however there is a preference for larger, LDRZ lots (2000sqm+). There is a lack of alternative lot types, including in these larger LDRZ lots relative to demand.
- A large proportion of buyers are pre retirees and retirees (i.e. people aged over 50), with some younger buyers. Buyers include locals as well as people from Melbourne, with one agent noting that the majority of their buyers are from the eastern suburbs of Melbourne as well as the Mornington Peninsula. Another agent noted their buyers are primarily local to the area.
- There is a strong rental market in Yarragon however there are limited rental properties available.
- The town is considered to be attractive to buyers, particularly when compared to Trafalgar, due to its size and rural feel. In addition, the town's commercial shopping strip and accessibility to the railway station are also attractive to buyers. Lot sizes in Yarragon are also attractive to buyers, with one local real estate agent noting that lot sizes are getting smaller in towns such as Warragul and Drouin and this is starting to lead potential buyers in these towns looking at alternative locations such as Yarragon.
- There is a lack of supply in Yarragon due to lack of lots available for infill development as well as development land and LDRZ land. As a result of the lack of supply, property prices have increased on par with nearby Warragul with a standard house selling for \$630,000. However, one agent also noted that Yarragon remains 'good value for money'.
- It is considered by a local agent that any new lots made available to the market would sell very quickly, with a previous release of new lots selling in approximately 1.5 hours.

#### **4.4. COVID PANDEMIC IMPACT ON REGIONAL HOUSING DEMAND**

The impacts of the COVID pandemic on housing demand have varied across Victoria. In some metropolitan areas, border closures have resulted in substantial demand reductions, while in many regional towns and cities, the pandemic contributed strongly to a pre-existing trend towards intra-state migration resulting in increased movement from metropolitan to regional areas and a corresponding increase in housing demand.

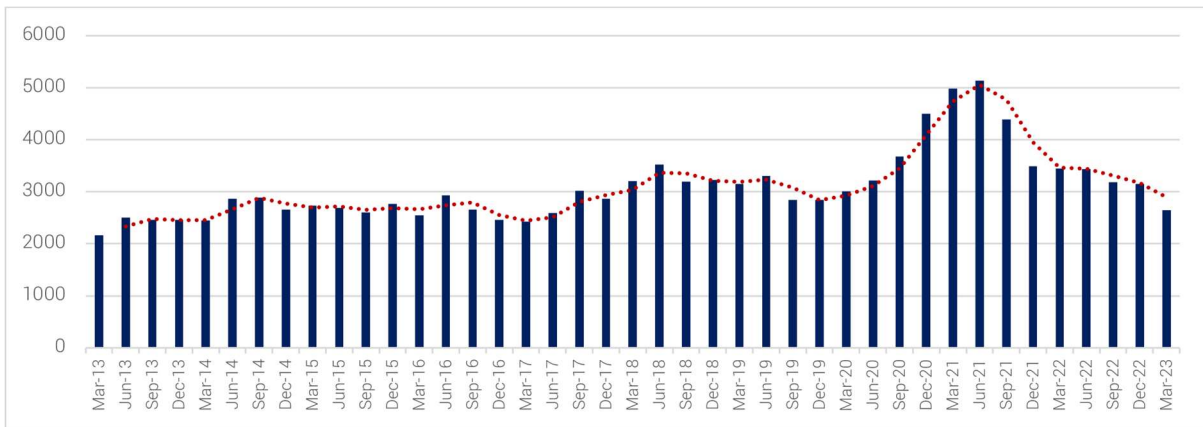
This trend was influenced to different degrees by greater opportunities for remote work, perceived health and lifestyle benefits of regional areas over dense urban areas during periods of restricted movement, and ongoing congestion and affordability challenges in metropolitan Melbourne.

Many regional centres experienced a major increase in housing demand and construction from 2019 - 2021 - Figure 11 shows that overall dwelling approvals across Regional Victoria increased significantly during that period, which was influenced by the COVID pandemic and government stimulus for new dwelling construction. Although approvals rates have since declined - in part due to strong increases in interest rates and construction costs - overall demand for housing in regional Victoria remains strong, as evidenced by ongoing property price growth concurrent to new building approvals that are comparable with pre-pandemic rates.

The vacant lot sales rate in 2020/21 confirms that Yarragon was impacted by the regional demand surge. Although it is unlikely that pandemic-period demand rates will return, many of the factors which underpinned the increases in demand are expected to endure, such as the opportunity to undertake more work remotely. Importantly, there was evidence of increasing demand for housing in Baw Baw and Yarragon prior to the pandemic.

These circumstances warrant consideration of housing demand scenarios which have close regard to short term trends than longer term historical averages or pre-pandemic projections.

### F11. REGIONAL VICTORIA RESIDENTIAL BUILDING APPROVALS (QUARTERLY) 2011-2023



Source: Building Approvals, Australian Bureau of Statistics, 2021.

## 4.5. POPULATION AND HOUSING NEED SCENARIOS

Table 9 summarises the various demand indicators and dwelling demand scenarios derived from the preceding analysis.

### T9. DWELLING DEMAND INDICATORS

Indicator	Area	Per annum
Unconstrained vacant lot sales rate	Yarragon	68
Medium term dwelling approvals rate	Yarragon	26
Forecast ID projected dwellings required	Yarragon, Darnum, Nilma	37
VIF projected dwellings required	Yarragon <sup>1</sup>	27

Source: Urban Enterprise, 2023. Note: 1. Converted from Trafalgar SA2 to Yarragon based on historical % of dwelling approvals (66 x 41%).

The demand measures assessed indicate a potential demand range over the planning period of the Yarragon Township Plan from 27 to 68 dwellings per annum. Given the rapid sale of greenfield lots in 2020 and 2021, strong population growth experienced between the 2016 and 2021 Census, and projections for ongoing strong population growth in Baw Baw overall, it is recommended that the Township Plan closely considers the implications of housing demand at the upper end of the range.

Based on the indicators in Table 9 and the analysis contained in this section, **dwelling demand over the planning period is estimated at between 35 and 60 dwellings per annum.**

Table 10 shows the population implications of this level of dwelling demand, using the Yarragon – Darnum – Nilma (Forecast ID) area as the base.

It is estimated that between 735 and 1,200 net additional dwellings will be required to accommodate demand in Yarragon and that the residential population of the area is likely to fall within the range of 5,000 and 6,400 by 2041, resulting in a growth rate of 2.6% - 3.8% per annum.

### T10. POPULATION GROWTH SCENARIOS

Scenario	2021 Population	Net Additional Dwellings Per Annum	Total Net Additional Dwellings (2021 – 2041)	2041 Population	Average Annual Growth Rate
Forecast Id Scenario	3,013	37	735	5,029	2.6%
Higher Growth Scenario	3,013	60	1,200	6,361	3.8%

Source: Baw Baw Forecast Id profile, 2022 and Urban Enterprise, 2023. Growth scenario based on average HH size of 2.79 of Yarragon – Darnum - Nilma as per Forecast Id profile.

## 4.6. RESIDENTIAL LAND SUPPLY

Residential land in Yarragon is in the General Residential Zone (GRZ) and Neighbourhood Residential Zone (NRZ). The zone applies to 610 properties in the GRZ with a combined area of approximately 60ha, plus a recently rezoned 47ha growth area now included in the NRZ.

14 lots are within the town boundary but remain in the Farming Zone. These lots have a combined area of 56ha. This land has previously been identified as investigation areas for future residential development in strategic work such as the Yarragon Structure Plan.

### T11. ZONED RESIDENTIAL LAND AND FARMING ZONE LAND, YARRAGON

Zone	Number of Lots	Hectares
GRZ1	610	59.8
NRZ	2	47.1
Farming Zone (within town boundary)	14	55.6

Source: Baw Baw Council Rates Database; Urban Enterprise, 2022, updated 2023.

An assessment of available broadhectare residential land supply was undertaken for this study in 2022. This assessment identified:

- Four sections of broadhectare GRZ land previously identified in the Settlement Management Plan as 'supply'. The SMP calculated a combined capacity of 221 lots, however much of this land has since been developed; and
- Three 'investigation areas' in the Farming Zone within the town boundary with capacity to provide residential land supply if rezoned.

Since the initial assessment was prepared, one of the investigation areas (Precinct 2, Figure 12) was rezoned from Farming Zone to the NRZ in June 2023. The area is planned to accommodate 304 residential lots.

The supply sites are shown in Figure 12.

### F12. ZONED AND UNZONED SUPPLY SITES



Source: Urban Enterprise, 2022 and Nearmap, 2022.



Table 12 summarises the potential dwelling capacity of these sites as of February 2022 (plus Precinct 2 as NRZ based on the recent rezoning), based on the following two approaches:

- Modelled yield based on the following development assumptions:
  - Non-residential and encumbered land deducted from developable area based on Structure Plan;
  - Lot size: 600sqm in GRZ, 2000sqm in LDRZ;
  - Allowance for roads and open space: 40% in proposed GRZ, 30% in existing GRZ, 20% in proposed LDRZ.
- Settlement Management Plan Density – this approach adopts the 8.5 dwellings per net developable hectare as specified in the Baw Baw Management Plan (4 dw/ha adopted for LDRZ).

**Zoned residential land has capacity to accommodate 359-392 additional lots in greenfield sites. Farming Zone land within the town boundary is estimated to have capacity to accommodate a further 395-400 lots.**

It is noted that additional dwelling capacity could be created through the re-subdivision of existing occupied lots near the town centre, however the resulting dwelling types would most likely be 'medium density' housing, such as townhouses or units, and therefore serve a different market segment to the core market for separate dwellings.

## T12. ESTIMATED LOT YIELD

ID	Zone (proposed)	Gross Area (ha)	Modelled yield			Density based yield	
			Lot area (ha)	Ave Lot size (sqm)	Lot yield	Density (dw/ha)	Lot yield
2	NRZ	47.1	N/A	792	304	N/A	304
4	GRZ	0.61	0.61*	600	10	8.5	5
5	GRZ	4.13	2.89	600	48	8.5	35
6	GRZ	0.74	0.74*	600	12	8.5	6
7	GRZ	1.53	1.07	600	18	8.5	9
<b>Zoned total</b>					<b>392</b>		<b>359</b>
1	FZ (GRZ)	30.58	17.45 <sup>^</sup>	600	291	8.5	260
3	FZ (LDRZ)	33.80	21.84 <sup>^</sup>	2000	109	4	135
<b>Investigation area total</b>					<b>400</b>		<b>395</b>

Source: Urban Enterprise, 2022. Gross area based on undeveloped sections of land using Nearmap imagery, February 2022. Precinct 2 yield based on Amendment documentation. \* no roads deduction due to existing road frontage opportunity. <sup>^</sup> drainage areas shown on Structure Plan deducted prior to lot area calculation.

## 4.7. ADEQUACY OF SUPPLY

Table 13 compares residential land demand and supply to determine the adequacy of existing land supply, including an estimate of the number of years that land supply could accommodate projected demand in the town.

This comparison adopts the modelled supply numbers and considers both demand scenarios. Demand rates have been reduced to 95% to take into account an allowance for some demand for medium density housing which can be met in established areas (consistent with the Forecast ID assumption of 5% of dwellings being accommodated in infill developments). Adopting the higher demand scenario, **it is estimated that there is between 7 and 12 years supply of zoned residential land in Yarragon, and more likely at the lower end of the range. Investigation areas could provide a further 7-12 years supply, again more likely to be at the lower end of the range.**

## T13. ADEQUACY OF SUPPLY

Population Scenario	Total demand	Separate dwelling demand	Supply	Years supply
<b>Zoned</b>				
1	35	33	392	11.9
2	60	57	392	6.9
<b>Investigation areas</b>				
1	35	33	400	12.1
2	60	57	400	7.0

Source: Urban Enterprise, 2022.



## 4.8. KEY POINTS

- In Yarragon, an average of 26 dwellings were approved for construction between 2015 and 2022, with a peak of 72 in 2021. A total of 70 vacant lot sales per annum was recorded over the peak sales activity period between mid 2020 and mid 2021, with the vast majority of those were sold as part of a single land development. This indicates strong housing demand in the area.
- Property prices in Yarragon have experienced significant growth over recent years at similar levels to the overall Baw Baw market, indicating that the demand 'boom' impacting Warragul and Drouin is also translating into strong demand conditions for nearby towns such as Yarragon.
- In recent years, demand for housing in regional Victoria, especially peri-urban areas, has increased substantially, accelerated by the impacts of the COVID pandemic. Many of the factors which underpin this trend are expected to endure (such as the opportunity to undertake more work remotely) and there was evidence of increasing demand for housing in Baw Baw and Yarragon prior to the pandemic. These circumstances warrant close consideration of housing demand scenarios which have closer regard to short term trends than longer term historical averages or pre-pandemic projections.
- Demand for dwellings in Yarragon is estimated at between 35 and 60 dwellings per annum. Zoned residential land has capacity to accommodate approximately 400 additional dwellings in greenfield sites.
- It is estimated that there was 7-12 years supply of zoned residential land in Yarragon in 2022 (including Precinct 2), more likely at the lower end of the range. This is a relatively low level of zoned land supply.
- Investigation areas could accommodate a further 400 lots and provide a further 7-12 years supply, more likely at the lower end of the range.
- It is important that the Yarragon Township Plan identifies opportunities for a diversity of housing types to meet demand, including:
  - The core market of separate dwellings in greenfield estates;
  - A secondary market for low density housing; and
  - A secondary market for medium density housing.

# 5. ECONOMY AND EMPLOYMENT

## 5.1. INTRODUCTION

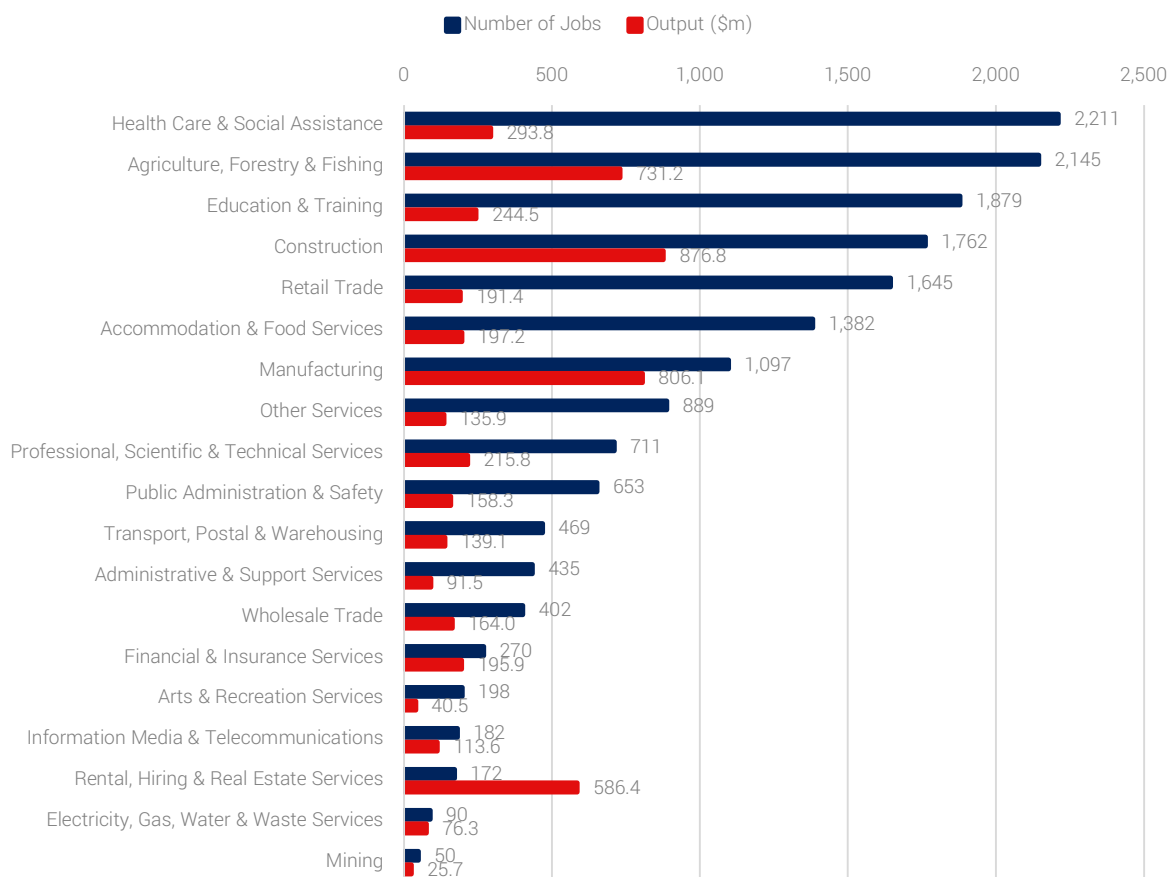
This section reviews economic conditions in Yarragon and the wider Baw Baw region and assesses implications for commercial and industrial land in the town.

## 5.2. BAW BAW ECONOMY

The Baw Baw Economy supports an estimated 16,642 jobs and has an output of \$5.2 billion, with the largest employing sectors being Health Care and Social Assistance (2,211 jobs), Agriculture, Forestry and Fishing (2,145 jobs), Education and Training (1,879 jobs), Construction (1,762 jobs) and Retail Trade (1,645 jobs).

The Baw Baw Economic Development and Visitor Economy Strategy (2022-2025) highlights the municipality's strengths in agriculture, especially the substantial dairy sector, with key hydroponics, agribusiness and innovative food processing companies located in the Shire.

### F13. BAW BAW EMPLOYMENT AND OUTPUT BY INDUSTRY



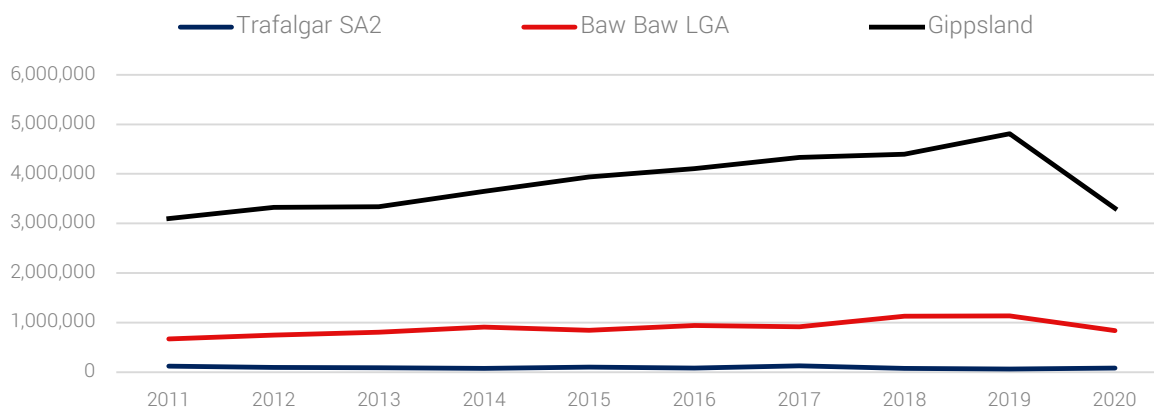
Source: Baw Baw REMPLAN, 2022.

## TOURISM

Tourism is an important industry in Baw Baw Shire and Gippsland overall.

Figure 14 shows visitation trends to Trafalgar (SA2), Baw Baw Shire and Gippsland. Over the past 10 years, Baw Baw Shire has received an average of almost 900,000 visitors per annum, more than three-quarters of which (77%) are domestic daytrip visitors. Trafalgar (SA2) receives a small proportion of all visitors to Baw Baw (approximately 10%).

### F14. TOTAL VISITATION, 2011 TO 2020



Source: National and International Visitor Survey, Tourism Research Australia, 2011 to 2020.

### T14. AVERAGE ANNUAL VISITATION BY VISITOR TYPE

Location	Day		Overnight		International		Total
	Count	Percentage	Count	Percentage	Count	Percentage	
Trafalgar	68,104	74.5%	22,374	24.5%	886	1.0%	91,364
Baw Baw Shire	672,532	77.1%	194,639	22.3%	5,238	0.6%	872,409
Gippsland	2,644,256	69.8%	1,109,422	29.3%	37,057	1.0%	3,790,736

Source: National and International Visitor Survey, Tourism Research Australia, 2011 to 2020.

The Gippsland Destination Management Plan (2019) projects that the Gippsland region could attract up to 150,000 additional visitors per annum between 2019 and 2030 (8.5 million visitors by 2030). Although these projections were prepared prior to the COVID pandemic, they provide an indication of the likely increases in visitation across the region in the coming years and the potential opportunities for Yarragon.

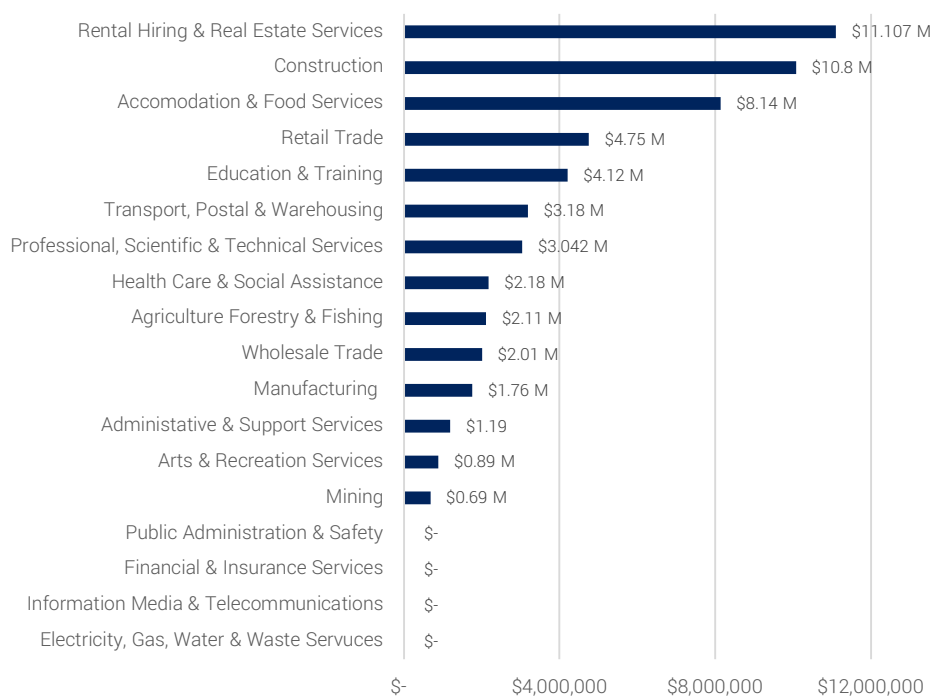
### 5.3. YARRAGON ECONOMY

#### OUTPUT

The Yarragon Township has an estimated output of \$55 million which accounts for 1.1% of the Baw Baw Shire output. Main sectors include rental, hiring and real estate, construction, accommodation and food services and retail trade.

The importance of the tourism role of Yarragon is evident in the substantial combined output of the retail and accommodation and food services sectors, comprising approximately \$13m per annum or 24% of the town’s economic output.

#### F15. OUTPUT BY INDUSTRY, YARRAGON TOWNSHIP



Source: Baw Baw REMPLAN 2022.

#### EMPLOYMENT

A profile of employment located in Yarragon is provided in Table 15.

In 2021, approximately 327 people were employed in Yarragon, with an increase of 63 jobs noted between the 2016 and 2021 Census. Employment growth was particularly strong in the health care and social assistance industry, followed by gains in the construction, accommodation and food services, as well as education and training industries.

Additionally, around 80% of Yarragon’s workers live within the Baw Baw Shire area, followed by the Latrobe City and south-east Melbourne areas.

## T15. YARRAGON EMPLOYMENT PROFILE

Worker Profile	Details	2016		2021	
		No.	%	No.	%
<b>Workers (DZ)</b>	Number of Workers	264		327	+63
<b>Workers Place of Residence by LGA (DZ)</b>	Baw Baw (S)	218	83%	260	80%
	Casey (C)	6	2%	4	1%
	Latrobe (C)	23	9%	46	14%
	Monash (C)	4	2%	0	0%
	South Gippsland (S)	6	2%	5	2%
	Cardinia (S)	0	0%	7	2%
<b>Workers Industry of Employment</b>	Accommodation and Food Services	65	25%	79	23%
	Retail Trade	50	19%	48	14%
	Education and Training	31	12%	43	13%
	Manufacturing	21	8%	13	4%
	Agriculture, Forestry and Fishing	17	6%	14	4%
	Health Care and Social Assistance	15	6%	63	18%
	Construction	12	5%	34	10%
	Professional, Scientific and Technical Services	10	4%	5	1%
	Wholesale Trade	9	3%	4	1%
	Transport, Postal and Warehousing	8	3%	9	3%
	Administrative and Support Services	8	3%	4	1%
	Not stated	6	2%	5	1%
	Other Services	5	2%	14	4%
	Inadequately described	4	2%	8	2%
	Arts and Recreation Services	3	1%	0	0%
	Mining	0	0%	0	0%
	Electricity, Gas, Water and Waste Services	0	0%	0	0%
	Information Media and Telecommunications	0	0%	0	0%
Financial and Insurance Services	0	0%	0	0%	
Rental, Hiring and Real Estate Services	0	0%	0	0%	

Source: Census, Australia Bureau of Statistics, 2016 and 2021.

## 5.4. EMPLOYMENT LAND

Yarragon currently has three sections of employment land:

- A Commercial 1 Zone area which applies to the town centre and retail core;
- A Commercial 2 Zone section to the east of the town centre fronting the Princes Highway; and
- An industrial precinct to the north of the Princes Highway in the Industrial 1 Zone.

These areas and zones are shown in Figure 16 and areas shown in Table 16.

A desktop review of employment land found that there is approximately 1ha of vacant or underutilised land within Yarragon as shown in Table 16. Land in the Commercial 1 Zone is particularly well occupied, with only one site identified as vacant.

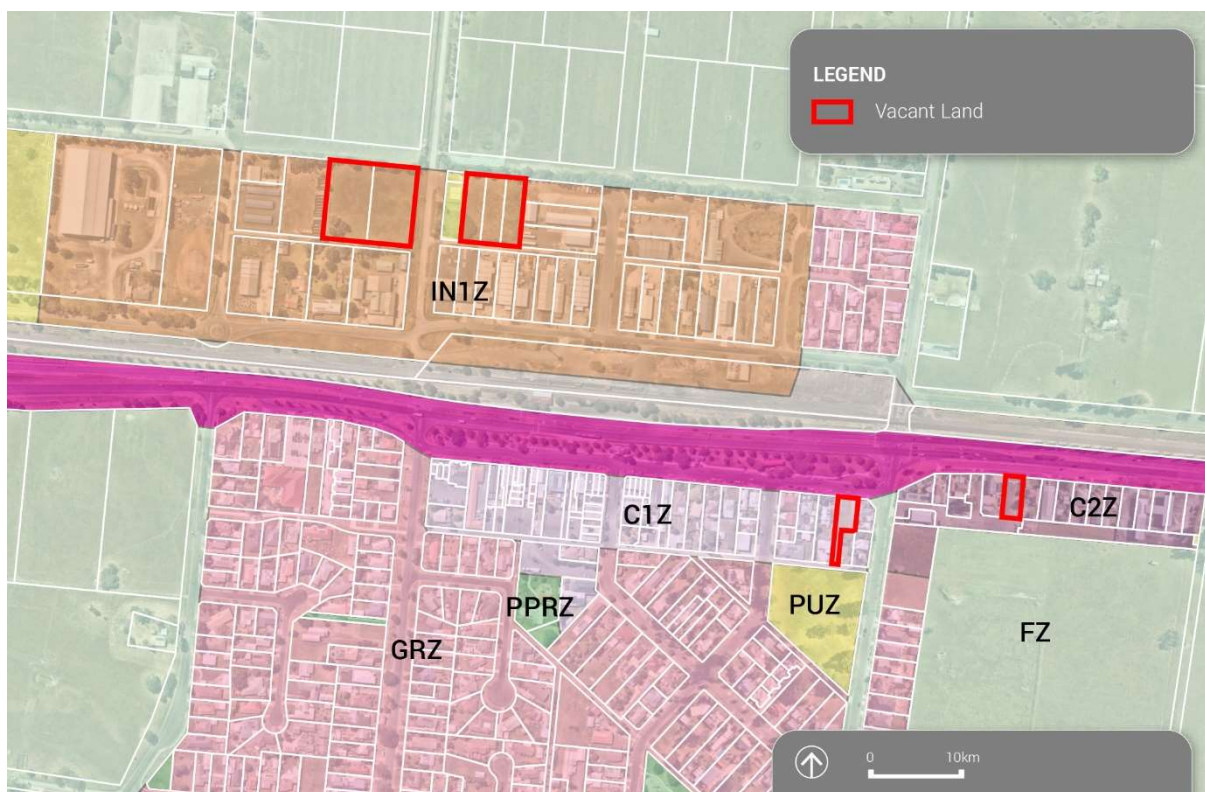
### T16. EXISTING COMMERCIAL AND INDUSTRIAL LAND

Zone	Total (ha)	Occupied (ha)	Vacant (ha)
C1Z	3.0	2.9	0.1
C2Z	1.8	1.7	0.1
IN1Z	10.3	9.1	1.2
<b>Total</b>	<b>15.1</b>	<b>13.7</b>	<b>1.4</b>

Source: Urban Enterprise, 2022, based on Nearmap imagery.

Note: Occupied land refers to lots occupied by a building.

### F16. VACANT COMMERCIAL AND INDUSTRIAL LAND



Source: Urban Enterprise, 2022.

## 5.5. RETAIL SECTOR

### 5.5.1. ROLE

Yarragon accommodates two main retail roles: convenience retail goods and services to the local residential and business base, and hospitality to residents and visitors passing through the town on the Princes Highway.

The retail sector is anchored by a very small supermarket (Foodworks, less than 200sqm) as well as a range of small to medium speciality stores including bakeries, cafes, clothing, giftware, antiques and art galleries.

In total, there is an estimated 5,700sqm of core retail floorspace in the town, the majority of which is occupied by hospitality businesses and giftware shops. This is a substantial quantum of floorspace without an anchor store such as a major supermarket, indicating the importance of visitors in underpinning retail turnover in the town.

Several larger format retailers are also located in the town in the Commercial 2 Zone and Industrial 1 Zone, including rural supplies, vintage clothing and second hand stores, garden supplies and pool sales.

### T17. YARRAGON RETAIL PROFILE

Type	Full line Supermarkets	Small to medium speciality stores	Discount Department Stores	Restricted Retail Premises
Provided in Yarragon	x	✓	x	✓
Key retailers	Foodworks	Bakeries, cafes, takeaway food, fashion, antiques, gifts.	None	Landscaping Supplies, Trade Supplies, pool sales, discount clothing.
Floorspace	200 sqm	5,500sqm (approx.)	0	2,600 sqm (approx.)

Source: Urban Enterprise, 2022.

### CURRENT PROPOSALS

Council has received a number of planning applications for development of land within the C1Z in Yarragon which include retail uses. In February 2021, Council issued a planning permit for a new 800sqm (approx.) supermarket at 87 Princes Highway which is proposed to replace the existing Foodworks supermarket.

In addition, there were also planning permit applications currently (May 2022) on advertising for retail or mixed-use development within the C1Z in Yarragon, including:

- 93 Princes Highway, Yarragon for a mixed use development including 2 retail tenancies and 10 apartments. The retail tenancies are proposed to have a combined floorspace of 300sqm; and
- 77 Princes Highway, Yarragon for a variety shop with a proposed floorspace of 300sqm.

## 5.5.2. COMPETING CENTRES

Table 18 summarises the role and scale of competing retail centres.

Larger retail centres are located at Pakenham (40 minutes drive), Warragul (less than 15 minutes drive) and the Morwell Mid-Valley Shopping Centre (25 minutes drive). These centres have strong provision of large supermarkets and discount department stores, as well as restricted retailers. The recent completion of a large format retail centre at the eastern edge of Warragul includes Kmart, Bunnings and several large format restricted retailers which are highly accessible to Yarragon residents.

Locally, the most proximate retail centre serving Yarragon is Trafalgar, which accommodates a mid-size supermarket (IGA, 1,500sqm approx.) and a range of convenience retailers and services including banking, postal, pharmacy, newsagent, liquor, takeaway food, clothing and hardware.

Table 18 provides a summary of the broader retail hierarchy for the region.

### T18. HIERARCHY OF COMPETING RETAIL CENTRES

Town	Centre Type	Retail Role/ Business Mix	Anchor Retailers	Distance to Yarragon
Pakenham	Major Regional Centre	Two major shopping precincts surrounding Pakenham Central Marketplace and the Heritage Shopping Centre <ul style="list-style-type: none"> <li>- Full-line supermarkets</li> <li>- Discount Department stores</li> <li>- Convenience Stores</li> <li>- Retail Service</li> <li>- Hospitality</li> <li>- Large Format Bulky Goods</li> </ul>	Woolworths, Coles, Target, Big W, Bunnings, Officeworks, JB Hi-fi, Pakenham, The Good Guys	59km (39mins)
Warragul	Regional Centre	Major Retail Precinct and Centrepoint Shopping Centre <ul style="list-style-type: none"> <li>- Full-line supermarkets</li> <li>- Hospitality</li> <li>- Retail Services</li> <li>- Speciality Stores</li> <li>- Large Format, Bulky Goods</li> </ul>	Coles, Woolworths, Aldi, Target, Kmart, Bunnings	15km (13mins)
Traralgon	Regional Centre	Major retail precinct surrounding the Traralgon Centre Plaza <ul style="list-style-type: none"> <li>- Discount Department Stores</li> <li>- Hospitality</li> <li>- Large Format Bulky Goods</li> <li>- Homemaker</li> </ul>	Harris Scarfe, Woolworths, JB-Hi-Fi, Kmart, Coles, Officeworks, Bunnings, Harvey Norman	47km (39mins)
Morwell	Sub-regional centre	Mid Valley Shopping Centre <ul style="list-style-type: none"> <li>- Full line supermarkets</li> <li>- Hospitality</li> <li>- Specialty Stores</li> <li>- Department Stores</li> </ul>	Big W, Woolworths, Village Cinemas, Bunnings, Coles, Harvey Norman	36km (28mins)
Moe	Sub-regional centre	<ul style="list-style-type: none"> <li>- Full-line supermarkets</li> <li>- Specialty Stores</li> <li>- Discount department stores</li> </ul>	Kmart, Woolworths, Aldi, Harvey Norman.	18km (15mins)
Drouin	Large Neighbourhood Centre	Full-line Supermarkets	Coles; Woolworths	22 km (16mins)
Trafalgar	Neighbourhood Centre	Mid-size Supermarket (1,500sqm)	IGA	8.7km (7 mins)
Yarragon	Local centre	Primarily hospitality focus, some larger format retailers.	-	-

Major Regional Centre	Regional Centre	Sub-regional Centre	Neighbourhood Centre	Local Centre
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Source: Urban Enterprise, 2022.



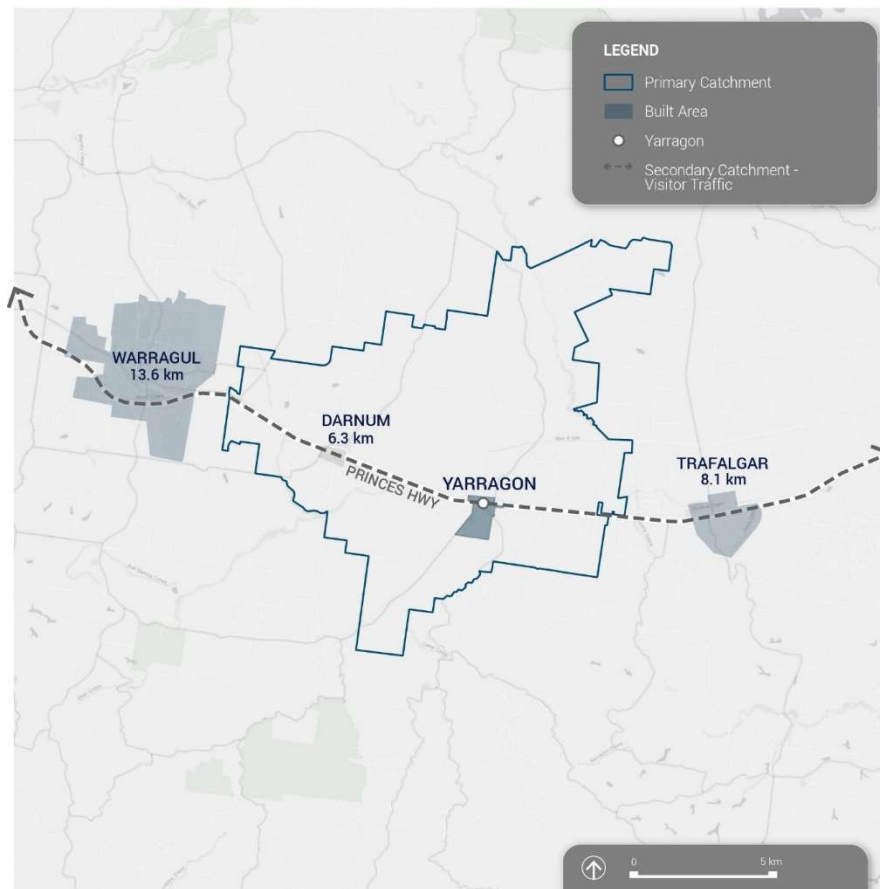
### 5.5.3. RETAIL CATCHMENT

Yarragon's retail catchment is comprised of the following two elements:

- A local residential catchment which covers the urban area of Yarragon and immediate surrounds, including rural areas; and
- Passing trade generated by those travelling on the Princes Highway, including tourists, workers and residents of other parts of Gippsland.

For the purpose of this assessment, the residential catchment has been aligned with the data area of best fit (the Forecast ID projection area of Yarragon – Darnum – Nilma) so that estimates of population growth and therefore retail demand can be readily prepared.

#### F17. RETAIL CATCHMENT MAP



Source: Urban Enterprise, 2022.

## EXISTING AND FUTURE CATCHMENT POPULATION

Table 19 summarises the existing and projected population in the local residential catchment, as well as the neighbouring Trafalgar area and Baw Baw Shire overall.

The two population scenarios for Yarragon – Darnum- Nilma area referred to earlier in this report and in Table 19 below are assessed for retail purposes in the following sections of this report and are referred to as:

- Population Scenario 1 (Forecast Id scenario); and
- Population Scenario 2 (Higher growth scenario).

### T19. POPULATION GROWTH IN CATCHMENT AND SURROUNDING AREAS

Scenario	2021	2041	2021 to 2041	Growth Rate
<b>Yarragon – Darnum - Nilma</b>				
Scenario 1 (Forecast Id)	3,013	5,029	2,016	2.6%
Scenario 2 (Higher growth)	3,013	6,361	3,348	3.8%
<b>Trafalgar</b>				
Trafalgar – Trafalgar East	4,735	6,509	1,774	1.6%
<b>Baw Baw Shire</b>				
Total Baw Baw Shire	57,611	87,281	29,670	2.1%

Source: Baw Baw Forecast ID, 2022 and Urban Enterprise, 2022.

It is noted that both Trafalgar and Yarragon are projected to experience strong population growth, with each area expected to approach a population in the order of 5,000 – 7,000 residents by 2041. This scale of population is generally not sufficient to support a full line supermarket in either town, however the combined population of between 11,000 and 13,000 at 2041 is above the benchmark threshold to support a full line supermarket serving the two towns.

## PASSING TRADE AND TOURISM PROJECTIONS

The Princes Highway currently has vehicle traffic volumes in the order of 26,000 per day on average and traffic volumes have been increasing at 2.5% per annum (east bound) and 2.9% per annum (west bound).<sup>1</sup> Ongoing growth in traffic volumes presents an increasing potential market for retailers in the town.

Tourism visitation to the Gippsland region is projected to increase over the planning period, with the Gippsland Destination Management Plan anticipating 8.5 million visitors to the Gippsland region by 2030 compared with 7.06m in 2019. This equates to an average growth rate of 1.7% per annum. Although these projections were prepared prior to the Coronavirus Pandemic, the substantial proportion of visitation comprised of domestic day trip visitors means that broader tourism issues associated with border closures and reduced international arrivals are not likely to substantially impact visitor numbers through Yarragon over the medium term.

<sup>1</sup> VicRoads, two-way average annual daily, 2019.

## 5.5.4. RETAIL EXPENDITURE AND GROWTH

Table 20 shows the estimated existing and future retail spending of local residents. Available retail spending is projected to increase from \$43.7m per annum in 2021 to between \$72.9m and \$92.2m in 2041.

### T20. RESIDENT RETAIL EXPENDITURE

	2021	2041 (Population Scenario 1)	2041 (Population Scenario 2)
Population	3,013	5,029	6,361
Retail expenditure per capita	\$14,500	\$14,500	\$14,500
Total retail expenditure	\$43.7m	\$72.9m	\$92.2m
Total core retail expenditure	\$38.6m	\$64.4m	\$81.4m

Source: MarketInfo, 2016 and Urban Enterprise, 2023. Note: core retail excludes bulky goods, equates to \$12,800 per capita.

As a local retail centre with relatively limited offer other than convenience, hospitality and giftware, the majority of retail expenditure of Yarragon residents will occur in other towns, especially Trafalgar and Warragul. It is estimated that local retailers would capture approximately 15% of resident retail spending based on the size and offer of retailers in the town.

Table 21 shows an estimate of the market shares of retailers and the resulting balance of turnover between local and non-residents. It is estimated that non-residents account for approximately 75% of retail turnover in the town, primarily within the hospitality and homewares sector.

### T21. RETAIL MARKET SHARE SUMMARY

	Residents	Non-residents	Total
Total spending (core)	\$38.6m		
Yarragon Market Share	15%		
Estimated Core Retail Turnover in Yarragon <sup>1</sup>	\$5.8m	\$17.2m	\$23.0m
% of turnover	25%	75%	100%

Source: Urban Enterprise. 1. 5,740sqm core retail at \$4,000/sqm.

Table 22 shows an analysis of the potential future retail turnover and supportable floorspace within Yarragon. This assessment has regard to the following factors:

- Population growth in the local area will drive additional demand for retail goods and services, primarily convenience related. Due to ongoing and increasing competition from online retailers, no increase in real expenditure per capita has been assumed (both population scenarios).
- Projected growth in vehicles on the Princes Highway and tourism visitation to the broader region will result in additional turnover potential, nominally assumed to increase at 2% per annum (both population scenarios).
- In the future, the market share of local retailers is likely to increase as the critical mass of residents creates a larger catchment for certain retail types, especially food and groceries. This would reduce the proportion of food, liquor and groceries spending that 'escapes' to other towns. Two market share scenarios have been applied:
  - A conservative scenario where existing resident market shares continue, given strong competition from other towns and online retailers;
  - A second scenario where resident market shares increase to 20% as new resident-focused retailers are attracted to the town; and
  - A third scenario where resident market shares increase to 25%, which would require a substantial increase in the availability of local retailers, for example through the attraction of a medium-sized supermarket.
- An allowance for a 10% improvement in the trading performance of existing retailers has been made.

## T22. RETAIL EXPENDITURE, TURNOVER AND SUPPORTABLE FLOORSPACE, YARRAGON, 2021 TO 2041

	2021	2041 – Population Scenario 1	2041 – Population Scenario 2
Resident core retail spending (\$m)	\$38.57	\$64.37	\$81.42
<b>Constant Market Share Scenario</b>			
% retained in Yarragon	15%	15%	15%
Resident turnover (\$m)	\$5.78	\$9.66	\$12.21
Non-resident turnover (\$m)	\$17.18	\$25.52	\$25.52
Total turnover (\$m)	\$22.96	\$35.18	\$37.73
Turnover density (\$/sqm)	4,000	4,400	4,400
Supportable floorspace (sqm)	5,740	8,000	8,600
<b>Additional supportable floorspace (sqm)</b>		<b>2,300</b>	<b>2,800</b>
<b>Increased market share scenario</b>			
% retained in Yarragon	15%	20%	20%
Resident turnover (\$m)	\$5.78	\$12.87	\$16.28
Non-resident turnover (\$m)	\$17.18	\$25.52	\$25.52
Total turnover (\$m)	\$22.96	\$38.40	\$41.812
Turnover density (\$/sqm)	4,000	4,400	4,400
Supportable floorspace (sqm)	5,740	8,700	9,500
<b>Additional supportable floorspace (sqm)</b>		<b>3,000</b>	<b>3,800</b>
<b>High market share scenario</b>			
% retained in Yarragon	15%	25%	25%
Resident turnover (\$m)	\$5.78	\$16.09	\$20.36
Non-resident turnover (\$m)	\$17.18	\$25.52	\$25.52
Total turnover (\$m)	\$22.96	\$41.61	\$45.88
Turnover density (\$/sqm)	4,000	4,400	4,400
Supportable floorspace (sqm)	5,740	9,500	10,400
<b>Additional supportable floorspace (sqm)</b>		<b>3,760</b>	<b>4,660</b>

Source: MarketInfo, 2016 and Urban Enterprise, 2022. Values expressed in constant 2021 values.

Overall, it is estimated that an additional 2,300 to 4,700sqm of core retail floorspace could be supported in the town to accommodate future demand by 2041, depending on the market share ultimately achieved and the rate of population growth which occurs in the local catchment.

This level of floorspace would usually require approximately 0.9ha – 1.9ha of land in the Commercial 1 Zone. The lack of vacant land in the C1Z indicates that this land should be provided through an extension of the Commercial 1 Zone.

## 5.5.5. RETAIL SECTOR ISSUES AND OPPORTUNITIES

The following issues and opportunities are identified for the Township Plan:

- As the local population increases, there will be greater demand and critical mass of expenditure available to support a greater resident-focused retail role. The main gap in retail provision available to support residents at present is a medium-large supermarket. The Township Plan should ensure sufficient land is included in the Commercial 1 Zone to accommodate retail expansion over the medium term, including a medium supermarket.
- Yarragon's retail sector is distinctive and oriented to visitors and residents from across west Gippsland. The strength of the gifts, homewares, art, antiques and boutique fashion retailers is evident and runs counter to the prevailing trend across many towns and urban areas where traditional retailers are generally declining. Planning should encourage ongoing boutique retailing.
- Hospitality businesses occupy more than half of all retail space in the town. Projections for increased domestic tourism to the region present the opportunity for ongoing growth in visitor generated income. Planning should seek to facilitate visitor attraction and increase length of stay in the town.

## 5.6. EMPLOYMENT SECTORS

### EMPLOYMENT

Yarragon currently provides a relatively minor employment role, with a total of 327 jobs counted in the town at the 2021 Census.

Employment in 2021 was weighted primarily towards retail and food (combined 37% of workers), with the health care industry also being prevalent making up 18% of workers employed in Yarragon. The industrial sectors accounted for 17% of the town's employment, mostly comprised of jobs in the construction sector.

Professional sector jobs were very limited in 2021, with only 2% (9 jobs) in the sectors of professional services and administrative and support services.

### FLOORSPACE AND BUSINESS MIX

Table 23 summarises the land and floorspace occupied by commercial and industrial uses in the town. There is an estimated total of 1,600sqm of commercial floorspace and 13,400sqm of industrial floorspace in the town.

Commercial floorspace includes a motel, real estate office, medical centre, dentist, vet, post office and a professional business.

Industrial businesses include automotive repairs, storage, engineering, rural supplies and equipment, transport, recycling and several unidentified factories / workshops. Industrial businesses in Yarragon include a combination of businesses serving the surrounding rural / agricultural sector and businesses providing services to the local and sub-regional population.

For the purposes of this assessment, a lot has been categorised as occupied if there is a building on the site. Some of these buildings appear disused, including a past dairy factory and vintage market, and therefore may be available for new businesses if sold. There is a total of 1.2ha of vacant industrial land in the industrial precinct.

### T23. COMMERCIAL AND INDUSTRIAL FLOORSPACE (BY ZONE)

Zone	Commercial floorspace	Industrial floorspace	Industrial land (occupied)	Industrial land (vacant)
C1Z	1,500sqm	0		
C2Z	50sqm	500sqm		
IN1Z	0	12,900sqm	9.1ha	1.2ha
<b>Total</b>	<b>1,600sqm</b>	<b>13,400sqm</b>		

Source: Urban Enterprise, 2022. Figures rounded. Occupied refers to lots occupied by a building.



### 5.6.1. DEMAND FOR COMMERCIAL AND INDUSTRIAL FLOORSPACE

Demand for employment land in Yarragon will be driven by a range of factors including population growth, labour force growth, visitation growth and the extent to which business creation and attraction can be facilitated. Although the current employment role of Yarragon is limited, strong population growth, labour force growth and visitation growth is expected to lead to an increased need for employment land within Yarragon over the planning period.

Indicators of demand are considered as follows.

#### INDUSTRIAL LAND CONSUMPTION

Figure 18 shows aerial images of the industrial precinct in 2014 and 2022. During this period, a total of 1.97ha of land was occupied (i.e. vacant in 2014 and occupied by a building and/or industrial business activity in 2022), an average land consumption rate of 0.25ha per annum.

A study of the broader industrial land requirements across Baw Baw Shire prepared by Charter Keck Kramer for Council adopts a consumption rate of 0.7ha per annum for Yarragon and Trafalgar combined and concluded that the “Shire’s east incorporates sufficient industrial land to support industrial growth beyond 2050” (including both towns’ land supply).

**F18. INDUSTRIAL PRECINCT AERIAL IMAGES**



Source: Nearmap, 2014 and 2022, annotated by Urban Enterprise, 2022.

## REAL ESTATE AGENT CONSULTATION

Consultation with local real estate agents indicated that there is strong competition for industrial land and premises in Yarragon, with businesses favouring the excellent access to the Princes Highway and faced with few alternatives in the broader region due to a lack of industrial land development (especially in Warragul).

## RECENT GROWTH IN COMMERCIAL AND INDUSTRIAL BUSINESSES

As shown in Table 24, the Trafalgar SA2 has experienced an increase of 16 businesses across sectors usually located in industrial or commercial premises between 2019 and 2021, despite the impacts of the COVID pandemic. Business growth was greatest in the sectors of construction (+14) and health care (+10) over the period.

### T24. COUNT OF BUSINESSES, TRAFALGAR SA2 2019 TO 2021

Industry	2019	2021	Change 2019 to 2021	Change 2019 to 2021 %
<b>Industrial</b>				
Manufacturing	34	36	2	5.9%
Construction	132	146	14	10.6%
Wholesale Trade	31	31	0	0.0%
Transport, Postal and Warehousing	50	45	-5	-10.0%
<b>Subtotal</b>	<b>247</b>	<b>258</b>	<b>11</b>	<b>4.5%</b>
<b>Commercial</b>				
Financial and Insurance Services	14	14	0	0.0%
Rental, Hiring and Real Estate Services	57	58	1	1.8%
Professional, Scientific and Technical Services	46	50	4	8.7%
Administrative and Support Services	7	14	7	100.0%
Public Administration and Safety	0	0	0	0.0%
Health Care and Social Assistance	22	32	10	45.5%
<b>Subtotal</b>	<b>146</b>	<b>168</b>	<b>22</b>	<b>15.1%</b>

Source: Count of Australian Businesses, Australian Bureau of Statistics, 2019 to 2021.

## REGIONAL EMPLOYMENT PROJECTIONS

Employment across Gippsland was projected to increase by 6% over the period 2019 to 2024 by the Federal government, with shifts in employment by industry headlined by:

- Reductions in agriculture, transport, finance and administrative jobs;
- Strong increases in education, health and electricity, gas, water and waste services employment;
- An increase in employment in most sectors usually occupying industrial land, especially construction and manufacturing; and
- Moderate growth in professional services and related sectors.

## T25. PROJECTED EMPLOYMENT GROWTH BY INDUSTRY AND REGION (2019 TO 2024)

Industry	Latrobe - Gippsland	
	#	%
Agriculture, Forestry and Fishing	-629	-4.7%
Mining	+31	2.0%
Manufacturing	+517	4.9%
Electricity, Gas, Water and Waste Services	+602	17.9%
Construction	+995	7.4%
Wholesale Trade	+62	2.1%
Retail Trade	+342	2.6%
Accommodation and Food Services	+839	9.3%
Transport, Postal and Warehousing	-136	-3.2%
Information Media and Telecommunications	+38	2.6%
Financial and Insurance Services	-63	-3.3%
Rental, Hiring and Real Estate Services	+25	2.0%
Professional, Scientific and Technical Services	+282	6.0%
Administrative and Support Services	-254	-7.5%
Public Administration and Safety	+387	5.4%
Education and Training	+1,010	10.8%
Health Care and Social Assistance	+3,021	16.5%
Arts and Recreation Services	+166	7.8%
Other Services	+312	6.9%
<b>Total (industry)</b>	<b>+7,546</b>	<b>6.0%</b>

Source: Projected Regional Employment Growth, Department of Jobs and Small Business, 2019.



## 5.7. FUTURE EMPLOYMENT LAND REQUIREMENTS AND OPPORTUNITIES

### COMMERCIAL FLOORSPACE

Yarragon’s current commercial role is mostly limited to business providing services to the local population. Table 26 provides measures of future commercial land requirements based on the following metrics:

- In 2021, there was 1,600sqm of occupied commercial floorspace in the town servicing a local population of 3,013 residents, equating to 0.5sqm per resident. If this ratio remains constant as the population increases, there will be a need for up to an additional 1,700 sqm of commercial floorspace over the period to 2041.
- Commercial floorspace currently equates to 28% of core retail floorspace in the town. If this ratio remains constant over time and the retail projections from the previous section materialise, there would be demand for an additional 1,400 sqm of commercial space over the period to 2041.

### T26. FUTURE COMMERCIAL FLOORSPACE SCENARIOS

Scenario	Current ratio	Growth	Additional Commercial floorspace required
Population ratio	0.5sqm per resident	2,016 – 3,348 additional residents	1,000 - 1,700 sqm
Commercial to retail floorspace relativity	Commercial 28% of retail	2,300 – 4,660 sqm additional core retail space supportable	600 – 1,300 sqm

Source: Urban Enterprise, 2023.

Although the Yarragon town centre does not currently accommodate a commercial floorspace role of any significance, broader economic and migration conditions are likely to manifest in emerging demand for smaller commercial spaces in the planning period based on the following considerations:

- The COVID pandemic has entrenched opportunities for professionals to work remotely. This is expected to lead to greater demand for local workspace and commercial floorspace in peri-urban areas as an alternative to regular metropolitan-bound commuting.
- Yarragon’s population growth has been driven primarily by internal migration, mostly from south-east Melbourne and attracting young families with adults of working age. As this growth continues, demand for local business establishment – both home-based and commercial-premise based – can be expected.
- At present, the majority of shopfront space in Yarragon is occupied by core retail and hospitality businesses, providing few opportunities for commercial businesses. As the town grows, it is important that opportunities are available for both core retail and secondary commercial space are available to support local employment retention and business growth.
- Demand for local health and allied health services is likely to increase as existing residents age – availability of space for local services will be important to meeting the local needs of the growing population base.

In these circumstances, it is recommended that the Township Plan makes provision for additional commercial land sufficient to accommodate at least 2,000sqm of floorspace (in the order of 0.6ha) (in addition to land for retail floorspace).

Although there may be some opportunities for more intensive use of land and premises in the eastern section of the Commercial 1 Zone (a number of planning applications approved by Council or currently on advertising are in this section of the C1Z), over the medium term it will be important to include further land in the C1Z to ensure there are opportunities for new development of both retail and commercial space when needed.

## INDUSTRIAL LAND

Adopting the medium term land consumption rate of 0.25ha per annum in Yarragon and the current vacant land supply of 1.2ha, it is evident that industrial land in Yarragon is mostly exhausted and is unlikely to accommodate demand for any longer than the immediate term (4-5 years). Importantly, the vacant lots which do exist may not be available for purchase or may not be suitable in size to meet the needs of interested businesses.

Over the planning period of the Township Plan, it is estimated that an additional 5 hectares of industrial land will be needed to support local business growth. A logical extension to the existing industrial zone to the north could accommodate this demand, however industrial land should also be considered on a sub-regional level.

The availability of undeveloped industrial land in Trafalgar is an important consideration, given the close proximity of the land to Yarragon (7 minutes drive) and the similar characteristics of the towns and their industrial precincts.

The recent analysis prepared by Charter Keck Cramer for Council estimated that there is vacant land supply of 33 hectares in Trafalgar – this is the main factor influencing the report's conclusion that there is a long term supply of industrial land in the Shire's east. It is important to note, however, that most of the vacant land in Trafalgar is not under development and therefore is not currently 'available' to individual businesses seeking land or premises.

If all Yarragon demand was transferred to Trafalgar, it is expected that this scale of demand could be comfortably accommodated within the current Trafalgar land supply, however this is contingent on the zoned land being developed and the creation of lots that are suitable (mainly in terms of size) to meet the range of demand for industrial businesses across the two towns.

From a strategic planning perspective, it would be favourable to direct all local industrial land demand from Yarragon and Trafalgar to the existing industrial land in Trafalgar and not rezone further land in Yarragon for industrial purposes, however there is a risk that land in Trafalgar is not developed in the short or medium term, in which case there would be a severe lack of local industrial land in the Yarragon catchment. These circumstances would result in economic costs to the community, especially during a period of strong population growth and increasing demand for population services, local employment and business establishment.

A lack of suitable industrial land could also negatively impact on the accessibility and availability of services and products to the surrounding rural areas and agricultural businesses which form part of Baw Baw Shire's most important economic specialisation.

Therefore, in order to mitigate the risk of zoned land being a constraint on economic growth in Yarragon and the surrounding rural areas, it is recommended that the industrial zone be extended to the north to accommodate at least 5 hectares of additional land. This recommendation is contingent on land in the industrial investigation area in Yarragon being found to be readily serviceable and developable – this type of assessment is not within the scope of this economic analysis.

## 5.8. KEY POINTS

- Baw Baw has economic specialisations in agriculture and tourism. Yarragon's economic role directly supports both of these sectors through industrial, retail and hospitality businesses and employment.
- Tourism visitation to Gippsland and Baw Baw Shire has increased over the medium term (prior to the pandemic) and local visitation is heavily weighted towards domestic day-trip visitors. Projections are for ongoing growth in visitation to the region.
- There is approximately 15 hectares of land in commercial and industrial zones in the town, of which only 1.4 hectare is vacant. As a result, there is limited opportunity for new businesses to be accommodated in the town, other than through more intensive use of existing zoned land.
- Yarragon plays two main retail roles: convenience retail goods and services to the local residential and business base, and hospitality and homewares to residents and visitors passing through the town on the Princes Highway.
- In total, there is an estimated 5,700sqm of core retail floorspace in the town, the majority of which is occupied by hospitality businesses and giftware shops. This is a substantial quantum of floorspace without an anchor store such as a major supermarket, indicating the importance of visitors in underpinning retail turnover in the town.
- Overall, it is estimated that an additional 2,300 to 4,700sqm of core retail floorspace could be supported in the town to accommodate future demand by 2041. This level of floorspace would usually require approximately 1ha – 2ha of land in the Commercial 1 Zone. The lack of vacant land in the C1Z indicates that this land should be provided through an extension of the Commercial 1 Zone.
- Provision should be made for a larger supermarket in the town to increase local food and grocery expenditure capture and improve the overall convenience retail offer to existing and new residents.
- Although the Yarragon town centre does not currently accommodate a commercial floorspace role of any significance, broader economic and migration conditions are expected to result in emerging demand for smaller commercial spaces over the planning period, especially greater opportunity for remote work.
- It is recommended that the Township Plan makes provision for additional commercial land sufficient to accommodate at least 2,000sqm of floorspace (in the order of 0.6ha).
- Industrial land plays an important role in accommodating businesses which service the surrounding rural areas and local population needs.
- Industrial land in Yarragon is mostly exhausted and is unlikely to accommodate demand for any longer than the immediate term (4-5 years at most).
- In order to mitigate the risk of land being a constraint on economic growth in Yarragon, it is recommended that the industrial zone be extended to the north to accommodate at least 5 hectares of additional land. This recommendation is contingent on land in the industrial investigation area in Yarragon being found to be readily serviceable and developable.
- The Township Plan should prioritise actions which support and encourage:
  - Ongoing hospitality and homewares businesses, visitor attraction and increasing length of stay;
  - Increases to the convenience retail services available to the growing local resident population;
  - Opportunities for smaller commercial businesses to establish in close proximity to the existing town centre; and
  - Opportunities for new industrial businesses to establish north of the railway line.

