Urban Development Program

2013

Regional Industrial Report

Shire of East Gippsland

State Government Victoria
Department of Transport, Planning and Local Infrastructure

ACKNOWLEDGEMENTS

This Urban Development Program was undertaken by Spatial Economics Pty Ltd, and commissioned by the Department of Transport, Planning and Local Infrastructure.
The Urban Development Program (East Gippsland) would not have been possible if it were not for the invaluable contribution made by staff from the Shire of East Gippsland and the Department of Transport, Planning and Local Infrastructure's Gippsland Regional Office.

Published by the Urban Development Program
Department of Transport, Planning and Local Infrastructure
1 Spring Street Melbourne Victoria 3000
Telephone (03) 9223 1783

September 2013

Accessibility

If you would like to receive this publication in an accessible format, please telephone (03) 9223 1783 or email urbandevelopment.program@dpcd.vic.gov.au. This publication is also available in Word format on http://www.dpcd.vic.gov.au/planning/plansandpolicies/urban-development-program

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The Urban Development Program for Regional Victoria provides an analysis of supply and demand for residential and industrial land across parts of regional Victoria. Assessments completed to date include the municipalities of Ballarat, Greater Bendigo, Latrobe and Wodonga, Wangaratta, Greater Shepparton, Warrnambool, Horsham and Mildura. Industrial land supply assessments for the G21 consortium of councils are available on the G21 Regional Growth Plan - Implementation Plan website.

Additional land supply assessments undertaken for the municipalities of Bass Coast, Baw Baw, Macedon Ranges, Mitchell, Moorabool, Mount Alexander, Moyne and South Gippsland are also near completion.

This round of land supply assessments include the municipal areas of: Wellington, Southern Grampians, Ararat, Swan Hill, Campaspe, East Gippsland, Glenelg and Benalla.

This component provides information on industrial supply and demand for the East Gippsland Shire.

The following industrial land supply assessment was undertaken by Spatial Economics Pty Ltd and commissioned by the Department of Transport, Planning and Local Infrastructure in conjunction with the East Gippsland Shire.

This report draws on the work completed for the East Gippsland Regional Towns Industry Study that Spatial Economics completed for the East Gippsland Shire. This report was completed in November 2012 with the data current to November 2011. This data has been adapted to create this Regional Urban Development Program Report for East Gippsland. The Regional Towns Study focused on the towns of Bairnsdale, Orbost/Newmerella, Mallacoota, Paynesville and Lakes Entrance. There are other small parcels of industrial land within the East Gippsland Shire such as in Omeo, however these sites do not form part of the report and does not materially change the conclusions.

SUPPLY OF INDUSTRIAL LAND

As at November 2011, there was a total of 337 hectares zoned industrial land stock, of which 92 hectares were assessed as available (supply) for industrial purpose development - a total land area vacancy rate of 27%.

There are no sites identified as future (unzoned) industrial land across the Shire of East Gippsland.

In terms of the geographic spread of zoned industrial land stocks across the Shire of East Gippsland the majority of land is in Bairnsdale with 222 hectares or 66% of the municipality's industrial land.

RECENT ACTIVITY

From July 2004 to July 2011 there were a total of 91 zoned industrial land subdivisions, all of which were located in the urban area of Bairnsdale. The majority (70%) of lots created were sized from 0.1 to 0.5 hectares, 14 lots created were sized from 0.5 to 1 hectare and five lots from 1 to 5 hectares.

From 2005-06 to 2010-11 the average annual value of industrial building approval activity was $3 million, of which $1.8 million was for the purpose of warehouse construction and $1.2 million for factories.

CONSUMPTION AND DEMAND FOR INDUSTRIAL LAND

For Bairnsdale from 2005 to 2011 there was a total industrial land consumption of 11.7 hectares, 1.7 hectares in the suburb of Lucknow and 10 hectares in Bairnsdale. This equates to an average annual industrial land consumption of 2 hectares.

In total, there is excess of 15 years industrial zoned land in Bairnsdale based on the average annual rate of land consumption in the period 2004 to 2011.

There has been no 'recent' consumption of industrial land in the other towns.

The table below details the total additional occupied industrial land required by 2040 for the five townships. The requirements are split into current shortfall and future requirements to 2040.

Land Requirements for the 5 Townships, Current Shortfall and Future Requirements to 2040 – Summary Table

	Current Shortfall of Industrial Land (Hectares)	Future Industrial Land Requirements to 2040 (Hectares)	Total (Hectares)
Bairnsdale	0	0	0
Paynesville	7.5	4.5	12
Lakes Entrance	10	10.5	20.5
Orbost /Newmerella	0	0	0
Mallacoota	5	0	5

Source: East Gippsland Industrial Towns Strategy, Spatial Economics Pty Ltd 2012

The results of the 'East Gippsland Industrial Towns Strategy' concluded that:

- Mallacoota has a current shortfall of 5 hectares and no future requirement due to the capacity constraints on the township;
- Orbost/Newmerella does not require any industrial land due to the lack of demand;
- Paynesville has a current shortfall of 7.5 hectares and a future requirement of 4.5 hectares of industrial land;
- Lakes Entrance has a current shortfall of 10 hectares and a future requirement of 10.5 hectares;
- Bairnsdale does not require any additional industrial land based on historical consumption rates of industrial land.

Conclusion and Current Actions

In summary there is an adequate stock of zoned industrial land stocks to meet future demand within Bairnsdale, based on recent consumption rates. Other settlements have potential shortfalls, also based on recent demand levels. Consumption of industrial land, however, should continue to be monitored to ensure there are sufficient land stocks to meet future demand.

East Gippsland Shire Council recently undertook the East Gippsland Industrial Towns Strategy which assessed existing industrial land stocks, employment projections, and adequacy of industrial land by zone type, township and lot size. The results of this Strategy are reflected within the Urban Development Program for East Gippsland Shire.

Similarly, East Gippsland Shire Council has prepared a ‘Bairnsdale Growth Strategy’ to help guide the growth and development of Bairnsdale over the next 20 years. It contains recommendations for a growth boundary, future residential growth areas, improvements to existing neighbourhoods, revitalisation of the central business district, commercial and industrial growth, and a range of other matters.

The East Bairnsdale and Lucknow Structure Plan, currently under preparation, will outline how the precinct should develop over time, including the existing industrial areas along the Princes Highway and McMillan Streets and the farming/vacant land north of the Princes Highway.

1.0 INTRODUCTION

1.1 PURPOSE AND CONTEXT

The Urban Development Program was set up in 2003 to assist in managing the growth and development of metropolitan Melbourne and the Geelong region, and help ensure the continued sustainable growth of these areas in order to maintain their high levels of liveability.

The primary purpose of the Urban Development Program is to improve the management of urban growth by ensuring that government, councils, public utilities and the development industry have access to up-to-date and accurate information on residential and industrial land availability, development trends, new growth fronts, and their implications for planning and infrastructure investment.

To achieve the primary purpose the Urban Development Programprovides accurate, consistent and updated intelligence on residential and industrial land supply, demand and consumption. This in turn assists decision-makers in:

- maintaining an adequate supply of residential and industrial land for future housing and employment purposes;
- providing information to underpin strategic planning in urban centres;
- linking land use with infrastructure and service planning and provision;
- taking early action to address potential land supply shortfalls and infrastructure constraints; and
- contributing to the containment of public sector costs by the planned, coordinated provision of infrastructure to service the staged release of land for urban development.

The information contained and reported within the Urban Development Program enables early action to be taken in areas where land shortfalls have been identified.

1.2 PROGRAM CONTEXT

During 2009-2010, the Urban Development Program was expanded across key provincial areas across regional Victoria, and is incrementally being rolled out across the State. Assessments completed to date include the municipalities of Ballarat, Greater Bendigo, Latrobe and Wodonga, Wangaratta, Greater Shepparton, Warrnambool, Horsham and Mildura. Industrial land supply assessments for the G21 consortium of councils are available on the G21 Regional Growth Plan - Implementation Plan website.

Additional land supply assessments undertaken for the municipalities of Bass Coast, Baw Baw, Macedon Ranges, Mitchell, Moorabool, Mount Alexander, Moyne and South Gippsland are also near completion.

This round of land supply assessments include the municipal areas of: Wellington, Southern Grampians, Ararat, Swan Hill, Campaspe, East Gippsland, Glenelg and Benalla.

The expanded Urban Development Program into regional Victoria will build local and regional data bases and, importantly, provide a platform for mapping and spatial analysis in each region. This will in turn allow councils and other key stakeholders in the planning and development sectors to make more informed decisions in the growth and investment of these key areas across regional Victoria.

The industrial and residential land supply assessments were undertaken by Spatial Economics Pty Ltd, and commissioned by the Department of Planning and Community Development in conjunction with the associated councils.

1.3 URBAN DEVELOPMENT PROGRAM REPORTS

The 2013 Urban Development Program Reports for Wellington, Southern Grampians, Ararat, Swan Hill, Campaspe, East Gippsland, Glenelg and Benalla, as well as additional Regional Reports and the metropolitan Urban Development Program Annual Report, are available online at
www.dpcd.vic.gov.au/urbandevelopmentprogram

For more information about the Urban Development Program, email the Department of Planning and Community Development at urbandevelopment.program@dpcd.vic.gov.au

2.0 APPROACH & METHODOLOGY

EAST GIPPSLAND INDUSTRIAL TOWNS STUDY

This report draws on the work from the East Gippsland Industrial Towns Study that Spatial Economics undertook for the East Gippsland Shire. This report was completed in November 2012 with the data current to November 2011. This data has been adapted for the following Regional Urban Development Program Report for East Gippsland. The Regional Towns Study focused on the towns of Bairnsdale, Orbost/Newmerella, Mallacoota, Paynesville and Lakes Entrance. There are other small parcels of industrial land within the Eats Gippsland Shire such as in Omeo, however these sites do not form part of the report and do not materially change the conclusions.

REGIONAL URBAN DEVELOPMENT PROGRAM

For the purposes of the Regional Urban Development Program, land is either zoned for industrial purposes or identified for future industrial use.

Industrial land identified by the Regional Urban Development Program includes land within the Industrial 1 Zone (IN1Z), Industrial 2 Zone (IN2Z), Industrial 3 Zone (IN3Z) and Business 3 Zone (now Commercial 2 Zone) as well as land that have been identified for future industrial development by the relevant Council.

In addition, where appropriate land zoned Special Use (SUZ) has been included i.e. the specific purpose of the zone is to recognise or provide for the use and development of land to support industrial type uses.

The IN1Z is the most commonly used industrial zone. The Industrial 2 Zone is designed for heavy industrial uses.

The IN3Z is a specialised zone that focuses on the needs of light industry, while the Business 3 Zone (now Commercial 2 Zone) is aimed at facilitating the needs of industries with a high office based component.

Assessments of land supply are dependent on the availability of aerial imagery. The most current imagery available for this assessment was taken during the summer of 2009/2010.

Information is presented at both a Local Government Area (LGA) and major industrial regions (typically at a township level).

Note that for the purposes of this report the regional component of the expanded Urban Development Program is referred to as the 'Regional Urban Development Program'.

METHODOLOGY FOR ASSESSING INDUSTRIAL LAND STOCKS

Industrial land data is collected and assessed using lot boundary, planning scheme information and aerial imagery. Additional information on the status of specific sites is gathered through stakeholder consultation, primarily discussions with relevant Council officers.

Industrial land supply and consumption data presented as part of the Regional Urban Development Program is based on aerial photography completed in 2009 and updated to December 2012 via the consultation process. Information relating to zoning, overlays and other planning matters relates to the same period.

IDENTIFYING LAND STOCK

Industrial land stock includes all zoned industrial land within the municipality as well as land that have been identified by Council for future industrial development (unzoned stock).

In determining zoned land stock, each zoned industrial land parcel is assessed as either:

- *Supply* – zoned industrial land classified as available for industrial development. This includes land that is vacant, disused or assigned to marginal non-industrial uses with little capital value, such as farm sheds.
- *Unavailable* – zoned industrial land classified as unavailable for industrial development. This includes land already occupied by industrial uses, construction sites, major infrastructure, capital intensive farming operations, established residential premises or where it is known that the owner has strong intentions not to develop the land in the medium to long term.

In instances where industrial land was in the process of being approved for rezoning to another use (for example a Business, Residential or Mixed Use Zone) and, based on Council feedback, the land is identified as unavailable.

In several instances discrete parcels of land (within one title) have been created to demonstrate a high degree of availability for development on a particular site. For example, where there is a significant area of land with a specific use operating from a small portion of the land and it is understood the balance of the land is regarded as a potential development site, the title area has been split to show the occupied and vacant components of the land. This has been undertaken where these instances have been identified by the relevant Council officer.

ASSESSING THE STOCK OF INDUSTRIAL LAND

For all industrial land, each individual parcel is recorded with its size and the applicable zone. This enables an assessment of the overall or gross stock of land either as unavailable or available as supply. Subsequently, a further assessment is conducted to determine a net measure of supply (‘net developable area’).

Using a net measure of industrial land supply provides a more accurate basis for determining adequacy, as it measures the likely area available for development after accounting for local roads, open space, infrastructure requirements and environmental considerations. This varies from locality to locality, depending on site and regional-specific issues.

During 2008, the Department of Sustainability and Environment released maps indicating the location and extent of significant native vegetation across Victoria utilising satellite imagery. These maps were used as part of the assessment in determining the estimated net developable area.

Where native vegetation mapping indicated a classification of ‘high’ or ‘very high’ against vacant zoned land or land identified for future industrial purposes, the area impacted was removed from the gross area of land supply.

Further higher level (or regional) take outs were removed from larger key parcels of vacant zoned land or from land identified for future industrial development. This was carried out in consultation with the relevant Council.

Finally, the total area of remaining vacant land was separated into parcels of differing gradients of size to allow for local discounts (specifically for local roads and open space). This was done through both consultation and by calculating typical take out rates for such factors from recently completed development.

Discount factors (at each level) differ between municipalities depending on a variety of factors, specifically local geography.

CALCULATING CONSUMPTION

To determine consumption based trends, the Regional Urban Development Program has examined available aerial photography between specific periods. Given the limited availability of photography, for each municipality at least two prior periods (years) have been assessed using the methodology outlined above (i.e. assessing each lot as either 'unavailable or 'supply').

In comparing the extent to which consumption has occurred land has been 'back cast' against previous periods to ensure like for like areas have been compared. This has been done to ensure that the effect of the rezoning of new industrial land or the rezoning of industrial land to non-industrial uses does not distort the actual consumption that has occurred between periods.

From the latest aerial imagery Industrial land consumption has been updated to November 2011 via a physical land use survey of each individual land parcel. With exception of Paynesville, consumption of industrial land is effectively over six years, from 2005 to the end of 2011. Paynesville industrial land consumption is from 2008 to 2011.

In the cases of Mallacoota, Paynesville and Lakes Entrance due to a lack of supply there has been no consumption over this period. Orbost/Newmerella has had no consumption due to a lack of demand. Due to these restrictions, alternative models of demand were calculated: an employment projection model and a population change model. These models provided estimates of the existing shortfall of demand for industrial land as well as the future demand for each town.

YEARS OF SUPPLY

The number of 'years of supply' is measured by dividing estimates of the net developable of both zoned and unzoned areas by the average annual rate of industrial land consumption.

3.0 OVERVIEW

East Gippsland Shire covers over 21,000 square kilometres, stretching from west of Bairnsdale to the NSW border. This diverse region makes up 10 per cent of the state, with over 70 per cent as National Park, State forest or other Crown land. East Gippsland has abundant natural attractions including extensive State and National parks and Australia's largest navigable inland lake system; Gippsland Lakes. East Gippsland also boasts an extensive coastline and is a popular tourist destination.

Bairnsdale: Bairnsdale is East Gippsland's main regional centre providing a full range of local services to cater for the township and beyond. As the main centre in the region, Bairnsdale is home to higher order health and education facilities. Bairnsdale also marks the final destination of the train heading east from Melbourne.

Lakes Entrance: Lakes Entrance is a seaside town that supports a thriving fishing industry and is a significant tourist destination. Lakes Entrance is located at the eastern edge of the Gippsland Lakes, Australia's largest navigable inland lake system. There is ocean access with a significant fishing fleet based at Lakes Entrance. These fishing trawlers provide around 70% of fresh fish to Melbourne's markets and make up the largest fishing fleet in Victoria

Paynesville: Paynesville is located on the Gippsland Lakes and is the regions boating destination. There is a significant marine industry near the foreshore on Slip Road including launching, berthing, marina and maintenance facilities. Paynesville has experienced significant growth in recent years with a population of around 4,000. A canal system flanked by dwellings with water access was developed in the 1980s to further enhance the popularity of Paynesville. Raymond Island is accessed by a car ferry and is a popular holiday destination.

Orbost & Newmerella: Orbost is located on the rich river plains of the Snowy River and is surrounded by fertile agricultural farmland. Orbost is also located near mountain forests which had until recently been a rich source of timber, which has been milled locally. Orbost is approximately 90 km from Bairnsdale.

Mallacoota: Mallacoota is located in the far east of Victoria. It is one of Victoria's most isolated towns with the next major town, Eden, 85 kilometres away. Mallacoota relies heavily on accessing goods and services that are not available in Mallacoota from other towns. Mallacoota is a major destination for tourism, including water based recreation activities on the lakes and wilderness activities in the extensive national parks as well as a significant abalone fishing industry.

Land Supply Assessment

Regional Councils require an adequate supply of industrial land for jobs and services, such as manufacturing, service uses, logistics and warehousing to support continued economic development. The Urban Development Program for Regional Victoria provides the State Government and other stakeholders with a strategic overview of the supply and demand of industrial land across key regional Victorian cities.

The following industrial land supply assessment for the Shire of East Gippsland is presented in a number of sections. These include:

- An assessment of industrial building approval activity by location (Statistical Local Area) in terms of both volume and value. This includes the breakdown of factory and warehouse building approvals from July 2005 to July 2011;
- Presentation of all net industrial land subdivision activity by resultant lot size distribution from July 2004 to July 2011;
- A detailed presentation of existing industrial land stocks in terms of:
    - Stock by zone type
    - Future (unzoned) stock
    - Lot size configuration and area
    - Supply/unavailable stock
    - Net developable area
- Summary of industrial land consumption i.e. built form construction on vacant industrial allotments from 2005 to November 2011. This is expressed as average annual land consumption (hectares). This forms the basis of projecting future demand for industrial land and therefore the assessment of supply adequacy;
- An assessment of adequacy of industrial land supply, expressed in years of supply by zone type/future and location. This is also expressed in terms of accelerated growth assumptions of industrial land consumption. Concluding commentary regarding the adequacy of industrial stock by zone type and lot size is included;
- Concluding commentary regarding any major impediments to the supply of industrial land to the market i.e. anti-competitive behaviour, provision of land development dependent infrastructure; and
- Detailed maps of all industrial land stocks by status and zone type.

4.0 BUILDING APPROVAL ACTIVITY

A variety of factors influence the level of industrial building activity. In regional locations the key factors include:

- the investment and business activity behaviour of the private sector;
- trends in the global and local economy;
- the availability of credit and borrowings for business decisions such as a decision to make a capital investment in property for a business;
- levels of land supply in the area;
- economic activity within the region; and
- the degree to which other regional centres compete for investment.

The following provides an overview of Industrial Building Approval activity within the Shire of East Gippsland from July 2005 to July 2011 for the number of industrial building approvals and the value of industrial building approvals.

The total number of industrial building approvals has remained relatively constant, averaging around 11 per annum from 2005-06 to 2010-11. The vast majority were located within the Statistical Local Area of Bairnsdale.

Table 1: Total Number of Industrial Building Approvals by Year

SLA/LGA	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
E. Gippsland (S) - Bairnsdale	7	9	6	5	12	n.a.
E. Gippsland (S) - Orbost	1	3	1	2	0	n.a.
E. Gippsland (S) - South-West	2	1	0	1	1	n.a.
E. Gippsland (S) Bal	0	2	0	0	1	n.a.
East Gippsland LGA	**10**	**15**	**7**	**8**	**14**	**11**

Source: Australian Bureau of Statistics

From 2005-06 to 2010-11 the average annual value of industrial building approval activity was $3 million, of which $1.8 million was for the purpose of warehouse construction and $1.2 million for factories. The highest value of approval activity was in 2009-10 at approximately $6.7 million, of which $5.6 million was for the purpose of warehouse construction located in Bairnsdale (SLA).

In 2010-11 there was a total value of industrial building approvals of approximately $3.6 million, of which 62% were for factories and 38% for warehouses.

Table 2: Value ($) of all Industrial Building Approvals by Year

SLA/LGA	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
E. Gippsland (S) - Bairnsdale	2,413,000	2,347,000	743,000	1,045,000	6,433,000	n.a.
E. Gippsland (S) - Orbost	55,000	178,000	50,000	123,000	0	n.a.
E. Gippsland (S) - South-West	163,000	250,000	0	62,000	190,000	n.a.
E. Gippsland (S) Bal	0	751,000	0	0	120,000	n.a.
East Gippsland LGA	**2,631,000**	**3,526,000**	**793,000**	**1,230,000**	**6,743,000**	**3,557,000**

Source: Australian Bureau of Statistics

5.0 INDUSTRIAL SUBDIVISION ACTIVITY

Detailed analysis of the cadastral database across industrial zoned areas across East Gippsland was undertaken to establish the location, volume and resultant lot size of industrial subdivision activity. Table 3 summarises the results of this analysis.

From July 2004 to July 2011 there were a total of 91 zoned industrial land subdivisions, all of which were located in the urban area of Bairnsdale.

Over this period there were a total of 91 industrial lots created/subdivided; an average of 15 per annum. The majority (70%) of lots created were sized from 0.1 to 0.5 hectares, 14 lots created were sized from 0.5 to 1 hectare and five lots from 1 to 5 hectares. In terms of small lots (less than 1,000sqm) only eight lots were created.

Table 3: Number of Industrial Subdivisions by Lot Size, 2004 to 2011

Region/LGA	Less than 0.1 ha	0.1 to 0.5 ha	0.5 to 1 ha	1 to 5 ha	5 to 10 ha	10+ ha	Total Lots
Bairnsdale	8	64	14	5	0	0	**91**
East Gippsland Total	**8**	**64**	**14**	**5**	**0**	**0**	**91**

Source: Spatial Economics Pty Ltd and (former) Department of Planning and Community Development 2013
1: Subdivision from July 2004 to July 2011

6.0 INDUSTRIAL LAND STOCKS

The following section of the report provides an overview of:

- existing zoned industrial land stocks;
- identified future (unzoned) industrial land stocks;
- stock of available (supply) and unavailable industrial land stocks;
- lot size distribution; and
- estimated net developable area.

The industrial land market across the Shire of East Gippsland is mainly located in Bairnsdale, Lakes Entrance, Paynesville, Mallacoota and Orbost/Newmerella. Bairnsdale has two main industrial precincts; Bairnsdale South and Bairnsdale East. Mallacoota and Paynesville have one industrial estate each with Lakes Entrance one main industrial precinct: Whiters Street and a smaller area of B3Z land in the commercial area. Orbost and Newmerella although two separate townships, due to their proximity are considered as one industrial market. Orbost has a few separate industrial areas, of which most is under-utilised. Newmerella has a large industrial estate that is also relatively under-utilised.

6.1 INDUSTRIAL LAND STOCKS - AREA

As at November 2011, there was a total of 337 hectares zoned industrial land stock, of which 92 hectares were assessed as available (supply) for industrial purpose development. This quantum of zoned industrial supply relative to unavailable industrial land stocks equates to a total land vacancy rate of 27%. Table 4 summarises the gross area of industrial land stocks by status across the Shire of East Gippsland.

In terms of the geographic spread of zoned industrial land stocks across the Shire of East Gippsland the majority of land is in Bairnsdale with 222 hectares or 66% of the municipality's industrial land.

The land area vacancy rate is 33% in Bairnsdale, 21% in Orbost/Newmerella, 0% in Lakes Entrance and 0% in Mallacoota and Paynesville. Over three quarters of the industrial land in the Shire of East Gippsland is zoned IN1Z with the remainder IN3Z (36.7 ha), B4Z (31.8 ha) and B3Z (1.6 ha).

As at November 2011, there were no sites identified as future (unzoned) industrial land in the Shire of East Gippsland.

Table 4: Gross Area (hectares) of Industrial Land Stocks, 2011

Urban Area	B3Z*		B4Z*		IN1Z		IN3Z		Total		Land Area Vacancy Rate %
	Unavailable	Supply	Unavailable	Supply	Unavailable	Supply	Unavailable	Supply	Unavailable	Supply	
Bairnsdale	0	0	8.1	0.8	138.8	72.1	2.2	0	**149.1**	**72.9**	**33%**
Lakes Entrance	1.2	0.4	0	0	6.2	0	1.0	0	**8.4**	**0.4**	**5%**
Mallacoota	0	0	0	0	0	0	11.4	0	**11.4**	**0.0**	**0%**
Orbost/Newmerella	0	0	8.7	14.3	49.4	0	12.3	4.4	**70.3**	**18.6**	**21%**
Paynesville	0	0	0	0	0	0	5.3	0	**5.3**	**0.0**	**0%**
Total	**1.2**	**0.4**	**16.8**	**15.0**	**194.3**	**72.1**	**32.3**	**4.4**	**244.5**	**91.9**	**27%**

Source: Spatial Economics Pty Ltd and Department of Planning and Community Development 2013
** Now Commercial 2 Zone*

6.2 INDUSTRIAL LAND STOCKS – LOT SIZE DISTRIBUTION

Table 5 below details the number of zoned industrial lots by selected lot size cohorts. As at November 2011, there was a total of 557 zoned industrial allotments, of which 105 lots were identified as available supply.

The most prevalent lot size cohort is 0.1 to 0.5 hectares with 294 lots or 54% of the total industrial lot stock. This lot size range had a lot vacancy rate of 22%.

The industrial lot stock sized less than 0.1 hectares had a lot vacancy rate of 2%, in total there were 146 lots in the size range, three of which were identified as supply (vacant). There were 43 zoned industrial lots sized 0.5 to 1 hectare, 13 were vacant resulting in a lot vacancy rate of 30%.

Of the larger lot sizes (greater than one hectare), there were 57 lots sized from 1 to 5 hectares (vacancy rate of 30%), 13 lots sized from 5 to 10 hectares (vacancy rate of 46%) and four lots greater than 10 hectares (no vacant allotments in this size cohort).

Table 5: Number of Industrial Allotments by Lot Size Cohort, 2011

Urban Area	Less than 0.1 hectares		0.1 to 0.5 hectares		0.5 to 1 hectares		1 to 5 hectares		5 to 10 hectares		10+ hectares		Total Lots		Lot Vacancy Rate %
	Unavailable	Supply	Unavailable	Supply	Unavailable	Supply	Unavailable	Supply	Unavailable	Supply	Unavailable	Supply	Unavailable	Supply	
Bairnsdale	91	3	164	62	21	12	32	10	3	5	1	0	**312**	**92**	**23%**
Lakes Entrance	32	0	28	3	1	0	0	0	0	0	0	0	**61**	**3**	**5%**
Mallacoota	0	0	13	0	3	0	2	0	1	0	2	0	**21**	**0**	**0%**
Orbost/Newmerella	0	0	17	1	5	1	4	7	3	1	1	0	**30**	**10**	**25%**
Paynesville	20	0	6	0	0	0	2	0	0	0	0	0	**28**	**0**	**0%**
Total	**143**	**3**	**228**	**66**	**30**	**13**	**40**	**17**	**7**	**6**	**4**	**0**	**452**	**105**	**19%**

Source: Spatial Economics Pty Ltd and (former) Department of Planning and Community Development 2013

6.3 SUPPLY OF INDUSTRIAL LAND

As previously outlined there was, at November 2011, 92 gross hectares of zoned industrial land supply and no land identified for future industrial development (unzoned).

Of this identified supply, there will be a proportion of land not available for development. Such land development take-outs include, but not limited to include: local and regional roads, supporting infrastructure, open space requirements, native vegetation, excessive slope and other environmental constraints (water-ways). Land development take-outs vary by site and particularly the size of the allotment

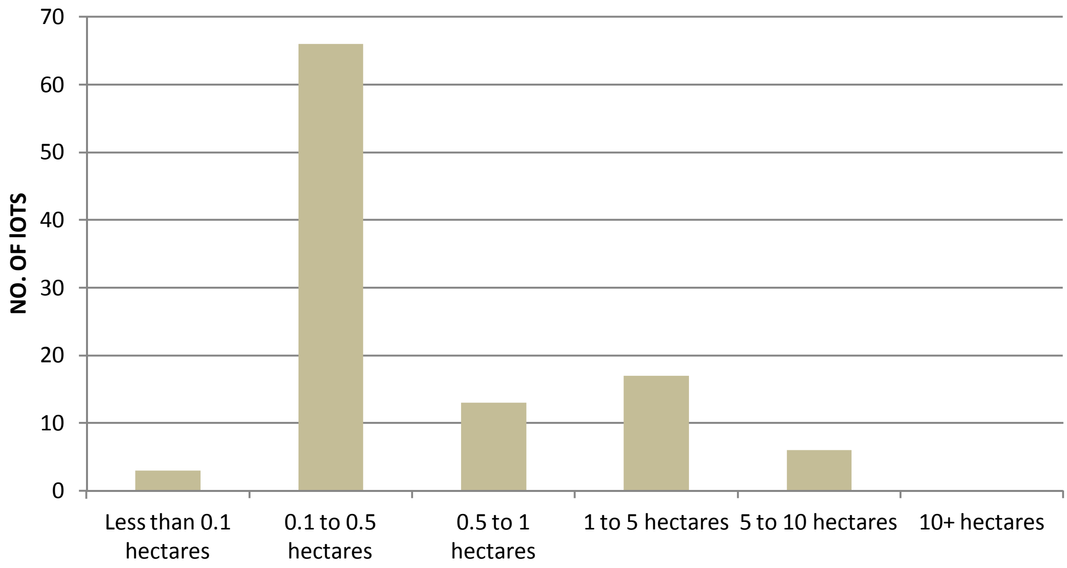
Specific land development take-outs have been assessed on a parcel by parcel basis and results in an estimate of the net developable area i.e. the area available for actual industrial site development.

In total for zoned industrial land supply across the municipality there is approximately 79 net developable hectares.

Graph 1 summarises the number of industrial allotments identified as supply. In total there are 105 individual allotments zoned for industrial purposes that have been identified as supply, of which 92 of these lots are located in Bairnsdale, ten in Orbost/Newmerella and three in Lakes Entrance. No lots identified as potential supply were located in Paynesville or Mallacoota.

Of this identified lot supply, the majority (63% or 66 lots) are sized from 0.1 to 0.5 hectares, there were only 3 lots identified as vacant/supply sized less than 0.1 hectares.

Graph 1: Number of Industrial Lots (Supply) by Lot Size Range, 2011



Source: Spatial Economics Pty Ltd and Department of Planning and Community Development 2013

From 2005 to 2011 there was on an average annual basis 11 industrial building approvals, the vast majority of which were located within the Bairnsdale Statistical Local Area (SLA). In 2010-11 there was a total value of industrial building approvals of approximately $3.6 million, of which 62% were for factories and 38% for warehouses.

From July 2004 to July 2011 there were a total of 91 zoned industrial land subdivisions, all of which were located in Bairnsdale. The majority (70%) of lots created were sized from 0.1 to 0.5 hectares.

As at November 2011, there was a total of 337 hectares zoned industrial land stock, of which 92 hectares were assessed as available (supply) for industrial purpose development - a total land vacancy rate of 27%.

In terms of the geographic spread of zoned industrial land stocks across the Shire of East Gippsland the majority of land is in Bairnsdale with 222 hectares or 66% of the municipality's industrial land.

Given the land area vacancy rates and the volume in terms of total area of zoned industrial land supply in Bairnsdale is no identified shortfall of industrial land. However there is an existing shortage of land in Paynesville, Lakes Entrance and Mallacoota. Further there will be potential requirements for extra industrial land in Paynesville and Lakes Entrance as these communities grow.

There is sufficient supply of lots by different lot size for Bairnsdale.

Based on available supply by zone type, and the supply assessment undertaken for the East Gippsland Industrial Towns Strategy, it is concluded:

- *Bairnsdale is deficient of industrial land zoned Business 3 (B3Z) and Business 4 (B4Z), now Commercial 2;*
- *Lakes Entrance is deficient of land zoned Industrial 1 (IN1Z);*
- *Mallacoota has no industrial land supply, primarily the requirement is for Industrial 1 zoned (IN1Z) land;*
- *Orbost/Newmerella has no deficiencies of industrial land stocks by zone type (given flexibility of use within the zones) for both Business 4 (B4Z), now Commercial 2, and Industrial 3 (IN3Z); and*
- *Paynesville has no industrial land supply, primarily the requirement is for Industrial 1 (IN1Z) and Business 3 (B3Z) - now Commercial 2 - zoned land.*

7.0 CONSUMPTION OF INDUSTRIAL LAND

Three methods of determining industrial demand were used, consistent with the approach employed for the purpose of the 'East Gippsland Industrial Towns Strategy'. The 'recent consumption' method determines recent consumption with reference to historical aerials and zoning and cadastral information from 2005. Combined with a comprehensive survey that was undertaken in November 2011, a calculation of recent industrial land consumption is possible. Consumption of industrial land refers to the construction on or use of previously unoccupied industrial land over-time.

This methodology was only relevant for Bairnsdale as Mallacoota, Paynesville and Lakes Entrance have had no or very little supply over the period and Orbost/Newmerella has had very little demand. For the other four towns, other models of demand were used: an employment projection model and a population change model.

For Bairnsdale in total (including the suburb of Lucknow) from 2005 to 2011 there was a total industrial land consumption of 11.7 hectares, 1.7 hectares in Lucknow and 10 hectares in Bairnsdale. This equates to an average annual industrial land consumption of 2 hectares.

There has been no 'recent' consumption of industrial land in the other towns.

From the detailed outputs from the demand modelling employed for the 'East Gippsland Industrial Towns Strategy, the total additional occupied industrial land required by 2040 is shown in Table 6. The requirements are split into current shortfall and potential future requirements to 2040.

Table 6: Land Requirements for the 5 Townships, Current Shortfall and Future Requirements to 2040 – Summary Table

	Current Shortfall of Industrial Land (Hectares)	Future Industrial Land Requirements to 2040 (Hectares)	Total (Hectares)
Bairnsdale	0	0	0
Paynesville	7.5	4.5	12
Lakes Entrance	10	10.5	20.5
Orbost /Newmerella	0	0	0
Mallacoota	5	0	5

Source: East Gippsland Industrial Towns Strategy, Spatial Economics Pty Ltd 2012

Mallacoota has a potential shortfall of 5 hectares and no future requirement due to the capacity constraints on the township. Orbost/Newmerella potentially does not require any industrial land due to the lack of demand. Paynesville has a potential shortfall of 7.5 hectares and a future requirement of 4.5 hectares of industrial land. Lakes Entrance has a potential shortfall of 10 hectares and a future requirement of 10.5 hectares.

Bairnsdale currently does not require any additional industrial land based on historical consumption rates of industrial land.

8.0 YEARS OF SUPPLY - INDUSTRIAL LAND

The number of 'years of supply' is measured by dividing estimates of the net developable area by the average annual rate of industrial land consumption. This is only relevant to Bairnsdale as discussed above.

Identifying the future location and amount of consumption of industrial land is an uncertain task. Current levels of consumption are used as an indication of the adequacy of industrial land supply. However, the level and location of future consumption may change due to:

- the investment and business activity behaviour of the private sector;
- trends in the global economy;
- propensity for certain activities to agglomerate;
- directions in technology;
- population/employment trends;
- environmental impacts and adaptation; and
- social attitudes.

In total, there is in excess of 15 years industrial zoned land for Bairnsdale based on the average annual rate of land consumption in the period 2005 to 2011.

Historical industrial land consumption is a sound base to assess future consumption of industrial land consumption. However, economic/employment activity can and will invariably change. Specifically, as local resident population increase so will the requirement for additional employment land to 'service' resident population needs. In addition, there is always the likelihood of 'export' related industry development that would require additional industrial land. Due to this uncertainty relating to forecasting industrial land requirements two demand scenarios and related adequacies are presented, namely a 25% and 50% increase in the demand for industrial land.

With increased land demand scenarios the adequacy of industrial land stocks result in:

- 25% increase in demand (2.4 hectares per annum) – 15+ years of supply; and
- 50% increase in demand (2.9 hectares per annum) – 15+ years of supply.

GLOSSARY OF TERMS

FUTURE INDUSTRIAL LAND

Land identified by the relevant municipal authority for future industrial development and current zoning not supportive of industrial development. Land which is has an 'Urban Growth Zone' applied, and where a precinct structure plan has not yet been approved, may also fall into this category.

GROSS INDUSTRIAL LAND AREA

Measures the area of industrial land at a cadastral lot/parcel level.

LOCAL GOVERNMENT AREA (LGA)

A geographical area that is administered by a local council.

LOT (INDUSTRIAL)

Discrete area of land defined by a parcel boundary identified in the Vicmap Property Database. Each lot has an associated land title, and is either zoned for industrial purposes or identified for future industrial use.

NET INDUSTRIAL LAND SUPPLY

Measures the estimated area available for industrial development after accounting for local roads, open space, infrastructure and environmental considerations.

PRECINCT STRUCTURE PLANS

In the Urban Growth Zone (UGZ), the precinct structure plan (PSP) is the key document that triggers the conversion of non-urban land into urban land. A precinct structure plan is a long-term strategic plan that describes how a precinct or a series of sites will be developed.

STATISTICAL LOCAL AREA (SLA)

A geographical area created by the Australian Bureau of Statistics for statistical purposes. Victoria is divided into 200 SLAs. SLAs may be the same as an LGA or in most cases several SLAs aggregate to form LGAs.

SUBURB (AUSTRALIAN BUREAU OF STATISTICS)

This is a census-specific area where Collection Districts are aggregated to approximate suburbs.

SUPPLY (INDUSTRIAL LAND)

Zoned industrial land classified as suitable for industrial development. This includes land that is vacant, disused or assigned to marginal non-industrial uses with little capital value, such as farm sheds or vehicle storage.

UNAVAILABLE (INDUSTRIAL LAND)

Zoned industrial land classified as unavailable for industrial development. This includes land already occupied by industrial uses, construction sites, major infrastructure, intensive farming operations, established residential premises or where ownership development intentions indicate the land will not be developed in the foreseeable future.