

# **APPENDIX 1**

## **ECONOMIC ANALYSIS**

CELEBRATING  
**30**  
YEARS  
1989-2019

**urban** planning  
**enterprise** economics+tourism

# MORNINGTON PENINSULA INDUSTRIAL LAND USE & INFRASTRUCTURE ASSESSMENT

ECONOMIC ANALYSIS

HANSEN PARTNERSHIP ON BEHALF OF MORNINGTON PENINSULA SHIRE | APRIL 2020



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**VERSION**

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## CONTENTS

<b>1. INTRODUCTION</b>	<b>1</b>
1.1. ENGAGEMENT	1
1.2. BACKGROUND	1
1.3. PROJECT AIM	1
1.4. SCOPE	1
1.5. STUDY AREA	2
1.6. SITE CHARACTERISTICS	3
<b>2. STRATEGIC REVIEW</b>	<b>4</b>
2.1. INTRODUCTION	4
<b>3. LAND SUPPLY</b>	<b>12</b>
3.1. INTRODUCTION	12
3.2. CURRENT LAND SUPPLY	12
3.3. INDUSTRIAL PRECINCTS	14
<b>4. LAND DEMAND</b>	<b>16</b>
4.1. INTRODUCTION	16
4.2. POPULATION	16
4.3. INDUSTRIAL LAND CONSUMPTION	23
4.4. BUILDING PERMITS	24
4.5. DISCUSSIONS WITH REAL ESTATE AGENTS	26
<b>5. FINDINGS</b>	<b>28</b>
5.1. INTRODUCTION	28
5.2. DEMAND FOR INDUSTRIAL BUSINESS	28
5.3. INDUSTRIAL LAND REQUIREMENTS	29
5.4. SITE CONSIDERATIONS	30
<b>APPENDICES</b>	<b>33</b>
APPENDIX A VACANT LAND SUPPLY	33
APPENDIX B DATA REGIONS	33

**FIGURES**

F1. STUDY AREA	2
F2. MARINE INDUSTRY PRECINCT SITES	10
F3. UDP METROPOLITAN INDUSTRIAL LAND SUPPLY	12
F4. LABOUR FORCE MORNINGTON PENINSULA SHIRE	18
F5. INDUSTRIAL BUILDING PERMITS & VALUE – NEW BUILDINGS - 2015 TO 2019	25
F6. INDUSTRIAL BUILDING PERMITS & VALUE – ALTERATIONS & EXTENSIONS – 2015 TO 2019	25
F7. COMMERCIAL BUILDING PERMIT & VALUE – NEW BUILDINGS – 2015 TO 2019	26

**TABLES**

T1. INVESTIGATION SITE CHARACTERISTICS	3
T2. INDUSTRIAL ZONED LAND BY PRECINCT	5
T3. TRENDS BY MAJOR INDUSTRIAL PRECINCT	6
T4. INDUSTRIAL LAND SUPPLY SUMMARY – MORNINGTON PENINSULA SHIRE - 2015 TO 2020	13
T5. INDUSTRIAL ZONED LAND BY PRECINCT - MORNINGTON PENINSULA SHIRE - 2020	14
T6. INDUSTRIAL PRECINCT PROFILES	14
T7. HISTORICAL POPULATION GROWTH – MORNINGTON PENINSULA SHIRE – 2011 TO 2016	16
T8. POPULATION FORECAST OF MORNINGTON PENINSULA BY REGION – 2016 - 2036	17
T9. LABOUR FORCE – MORNINGTON PENINSULA SHIRE	17
T10. JOB CONTAINMENT	18
T11. EMPLOYMENT BY INDUSTRY – MORNINGTON PENINSULA – 2011 TO 2016	19
T12. CHANGE IN EMPLOYMENT – MANUFACTURING SUB-SECTOR	20
T13. EMPLOYING INDUSTRIAL BUSINESSES – MORNINGTON PENINSULA SHIRE – 2015 TO 2019	21
T14. BUSINESSES BY EMPLOYMENT SIZE – MORNINGTON PENINSULA – JUNE 2019	21
T15. MORNINGTON PENINSULA INDUSTRIAL LAND CONSUMPTION (UDP)	23
T16. TRENDS IN INDUSTRIAL LAND OCCUPATION, MORNINGTON PENINSULA 2015-2020	23
T17. LAND CONSUMPTION BY INDUSTRIAL PRECINCT – 2015 TO 2020	24
T18. INDUSTRIAL LAND REQUIREMENT – SCENARIOS	30
T19. SITE ATTRIBUTES	30

**ACRONYMS**

AAG	Average Annual Growth
ABS	Australian Bureau of Statistics
C2Z	Commercial 2 Zone
DCP	Development Contributions Plan
IN3Z	Industrial 3 Zone
LGA	Local Government Area
SA2	Statistical Area 2
SSIP	State Significant Industrial Precinct
SUZ	Special Use Zone
UCL	Urban Centre / Locality
UDP	Urban Development Program
VIF	Victoria in Future

**NOTE TO THE READER**

Please note, the analysis contained within this report was prepared prior to the COVID-19 pandemic. The analysis relies on assumptions that were current prior to the outbreak. The extent to which COVID-19 will impact on the assumptions underpinning projections contained within this report is unknown.

## 1. INTRODUCTION

### 1.1. ENGAGEMENT

Urban Enterprise has been engaged by Hansen Partnership, on behalf of Mornington Peninsula Shire (Council) to undertake economic analysis to underpin an industrial land use and infrastructure assessment to support prioritised recommendations in regard to the potential rezoning of three identified investigation areas within the Special Use Zone (SUZ) of the Port of Hastings.

### 1.2. BACKGROUND

Council adopted its *Industrial Areas Strategy* (2018), which identified that Council would be required to undertake an ongoing role in initiating in the near term, local level detailed planning and investigation required to ensure that appropriate stocks of industrial land are available on the Mornington Peninsula.

In ensuring the long-term maintenance of supply of industrial land in Mornington Peninsula, a key action of the *Industrial Areas Strategy* (2018) was to engage with State Government in relation to the status of the Special Use Zone (Schedule 1 – Port Related) land situated in Hastings, Somerville and Tyabb, and if possible, negotiate a future rezoning of part of this land to the Industrial Zone.

At the time of preparation of the *Industrial Areas Strategy*, there was uncertainty regarding the status of land within the SUZ1, however, the release of the Port of Hastings *2018 Port Development Strategy* (2018), has identified investigation areas of current SUZ1 parcels for potential industrial uses. These areas have been identified as both surplus and as providing a 'buffer' between existing and potential future port uses and more sensitive land uses located to the west including residential uses.

### 1.3. PROJECT AIM

The aim of the project is to provide the basis for preparation of a Planning Scheme Amendment to facilitate rezoning of identified parcels of land in a likely staged process and to ultimately apply a DCP (subject to further work) across the relevant parcels in assisting Council to meet the costs associated with making industrial parcels available.

### 1.4. SCOPE

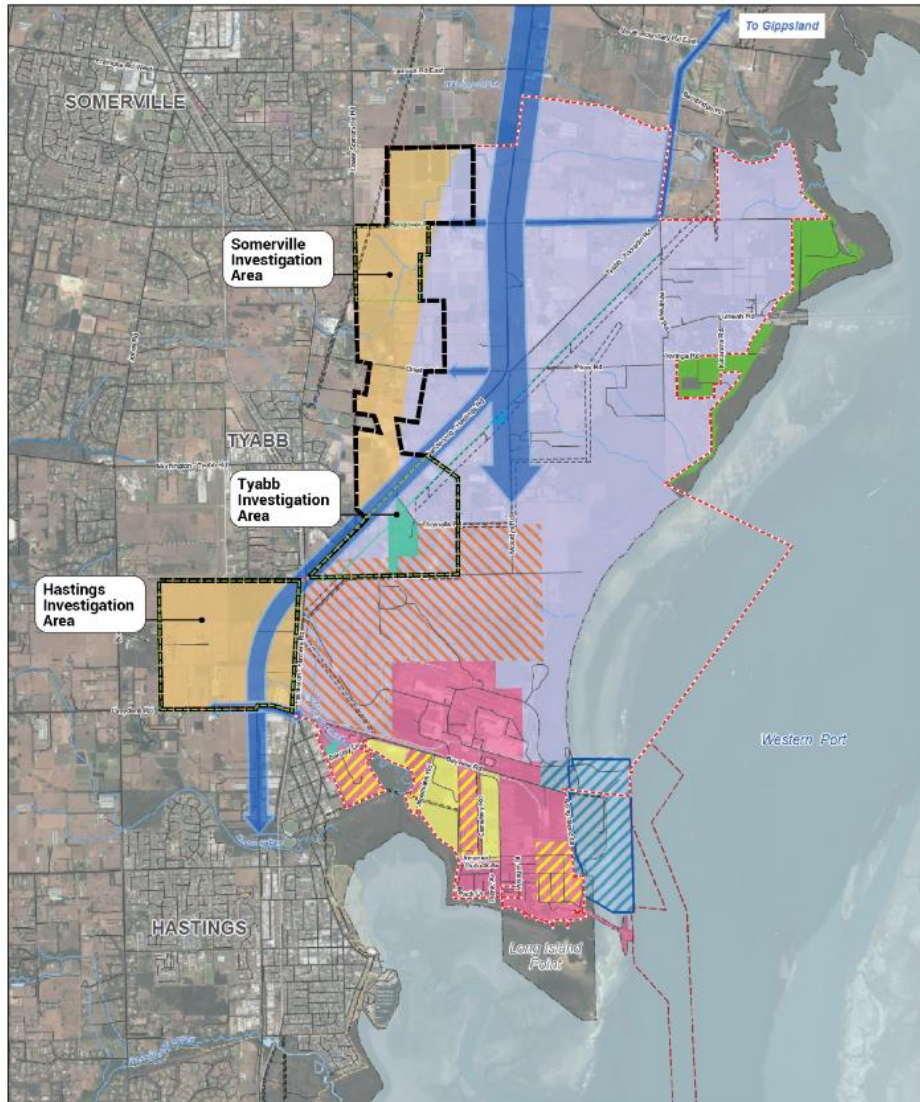
The scope of Urban Enterprise work is to undertake an economic analysis to inform the land use and infrastructure assessment and rezoning strategy. Key components and tasks include:

- Project components:
  - Identify future industrial land requirements relevant to the study area;
  - Identify type of industrial uses most suitable to the study area;
  - Provide timeframes required for delivery.
- Key tasks:
  - Review strategic documents and reports relevant to the study area;
  - Update existing industrial land supply and demand assessment (prepared by Essential Economics as part of the *Industrial Areas Strategy*, 2018);
  - Analyse opportunities and implications for the investigation sites;
  - Prepare a draft report outlining the findings;
  - Prepare a final report, incorporating feedback.

1.5. STUDY AREA

The study area for the project is based on the future proposed land use planning framework of the *Port of Hastings Development Strategy (2018)*, as shown in Figure 1. The investigation area is outlined in black in the plan the Port of Hastings Development Plan. This includes areas identified by the Port Authority as investigation areas for industrial land as well as a triangular shaped site east of Dandenong-Hastings Road. Sites visited during a site visit have been highlighted with a green dashed line.

F1. STUDY AREA



Source: Port of Hastings Development Strategy (2018) – edited by Urban Enterprise to show investigation sites.

**1.6. SITE CHARACTERISTICS**

Table 1 provides a brief summary of the characteristics of each main site within the investigation area.

**T1. INVESTIGATION SITE CHARACTERISTICS**

	Somerville Investigation Area	Tyabb Investigation Area	Hastings Investigation Area
Site Area	200ha (approx.)	198ha (approx.)	197ha (approx.)
Designation within the Port of Hastings Development Plan	Majority designated as investigation area for future industrial land. Part (south-east) designated as future port development area.	Designated as: <ul style="list-style-type: none"> <li>• Future port development area;</li> <li>• Existing utility;</li> <li>• Multi-purpose (dry or liquid bulk).</li> <li>• Northern area designated as industrial investigation.</li> </ul>	Investigation area for future industrial land.
Existing Use	Farming/market gardens	<ul style="list-style-type: none"> <li>• Lifestyle lots</li> <li>• Tyabb Electrical Terminal Station</li> <li>• Holcim Australia (concrete mixing)</li> <li>• Lifestyle residential lots</li> <li>• Commercial Coffee roasters</li> <li>• Farming//market gardens.</li> </ul>	Agriculture / farming Industrial uses (south-east) Lifestyle residential lots (south-west)
Surrounding land use	<ul style="list-style-type: none"> <li>• Farming/market gardens (north and north-east)</li> <li>• Equine (equestrian centre, horse boarding) (east)</li> <li>• Wholesale nursey (south-west)</li> <li>• Lifestyle residential lots (west)</li> </ul>	<ul style="list-style-type: none"> <li>• Potting mix manufacturer Australian Growing Solutions and farming (east)</li> <li>• Padual college (west)</li> <li>• Intensive agriculture (west and north-east)</li> <li>• Bluescope steel (South)</li> </ul>	<ul style="list-style-type: none"> <li>• Hastings major Activity Centre;</li> <li>• Tyabb (Westernport Airport) (north)</li> <li>• Lifestyle residential (north-west)</li> <li>• Agricultural uses</li> <li>• Hastings Industrial precinct (south-east).</li> <li>• Potential location for train stabling as part of Council’s advocacy for the electrification of the rail line to Hastings.</li> </ul>
Road Access	<ul style="list-style-type: none"> <li>• Bungower Road (north)</li> <li>• Lower Somerville Road (west)</li> <li>• Oneills Road (south)</li> <li>• Adjacent to Western Port Highway</li> </ul>	<ul style="list-style-type: none"> <li>• Western Port Highway (west)</li> <li>• Denham Road (south)</li> </ul>	<ul style="list-style-type: none"> <li>• Frankston-Flinders Road (east)</li> <li>• Graydens Road (south)</li> </ul>
Zone	Special Use Zone (SUZ)	Special Use Zone (SUZ)	Special Use Zone (SUZ)
Topography	Generally flat	Generally flat	Generally flat
Overlays	<ul style="list-style-type: none"> <li>• Heritage Overlay (north-west corner)</li> <li>• Heritage Overlay (south-west corner)</li> </ul>	NA	<ul style="list-style-type: none"> <li>• Bushfire management overlay (north-east and western site boundary)</li> </ul>
Proximity to major infrastructure	<ul style="list-style-type: none"> <li>• Somerville Town Centre (2.5km north-west).</li> <li>• Port of Hastings main activity areas (6.4km south-east).</li> <li>• Mornington Peninsula Fwy access (6.2km west).</li> </ul>	<ul style="list-style-type: none"> <li>• Tyabb Town Centre (1.3km west)</li> <li>• Port of Hastings main activity areas (2km south).</li> <li>• Mornington Peninsula Fwy access (7km west).</li> </ul>	<ul style="list-style-type: none"> <li>• Hastings Town Centre (2.5km south-east)</li> <li>• Mornington Peninsula Fwy access (6.5km north-west)</li> <li>• Port of Hasting main activity areas (adjacent to the east).</li> <li>• Tyabb Airport (north)</li> </ul>

Source: Urban Enterprise, 2020

## 2. STRATEGIC REVIEW

### 2.1. INTRODUCTION

The following provides a review of relevant background documents to the preparation of the economic analysis to underpin the land use assessment and rezoning strategy.

#### MELBOURNE INDUSTRIAL AND COMMERCIAL LAND USE PLAN (DELWP, 2020)

The Melbourne Industrial and Commercial Land Use Plan (2020) was released in April 2020. The Plan notes that Victoria's competitive advantage in attracting economic investment and employment relies in part on there being sufficient industrial and commercial land supply across metropolitan Melbourne to meet future demand.

Across metropolitan Melbourne, the report notes that the sector continues to grow and is one of the strongest in Australia with strong demand projected to remain in the long term.

The Plan notes that the provision of sufficient land for industries with large lot land requirements is required to enable freight and logistics, and advanced manufacturing industries to expand.

Key issues and matters raised in the Plan relevant to this project include:

There is need to ensure that strategic planning for industrial and commercial areas is robust and appropriate and does not reduce viability for industry and commerce.

- There is a need to recognise that many industrial areas will have lower relative job densities and will not be locations for jobs growth, however they will continue to play a critical role as places for industry and economic activity.
- There is a need to plan for amenity and interface issues that may arise where sensitive uses locate close to or adjacent to industrial operations.
- There are a range of urban services required across the city, such as mechanics, self-storage facilities, construction services, cabinetry manufacturers and the like, that need to locate in proximity to their customers. Opportunity for these to establish and operate need to be retained.

Principles to guide planning for industrial and commercial land include:

- Adequate long-term commercial and industrial land supply will be identified and set aside to support future industry and business growth.
- Industrial and commercial areas that provide an ongoing economic, urban servicing or employment contribution to local communities, regions and the state will be recognised and retained as a critical economic resource.
- Planning for industrial and commercial land will provide clarity and certainty about how and where industry and business can grow over time to support and guide long term investment and locational decisions.
- Planning will support industry and business to innovate and grow in areas identified for these purposes.

In regard to the Hastings State Significant Industrial Precinct (SSIP), the land is zoned specifically for port related uses, which effectively makes it unavailable for general industrial purposes. The Plan recommends that "in consultation with the Port of Hastings Development Authority and Mornington Peninsula Shire Council, investigate the potential for any Special Use Zone 1 land outside of the Hastings SSIP that could allow for a broader range of industrial uses"<sup>1</sup>

<sup>1</sup> Melbourne Industrial and Commercial Land Use Plan, DELWP, 2020

**MORNINGTON PENINSULA INDUSTRIAL AREAS STRATEGY (ESSENTIAL ECONOMICS, 2018)**

Relevant findings from the strategy have been summarised below.

A total of ten industrial precincts were identified on the Mornington Peninsula. All industrial land in Mornington Peninsula Shire is within the Industrial 3 Zone (IN3Z). The report estimated that there was 77.9ha of unoccupied industrial land in the Shire, of which:

- It was estimated that approximately one-third of unoccupied industrial land is fully developable.
- It was estimated that approximately one-third of unoccupied industrial land was subject to infrastructure and servicing issues or a planning overlay.
- The remaining one-third of unoccupied industrial land was estimated to be affected by both infrastructure and services issues and planning overlays.

The report includes a summary of industrial zoned land by precinct, as shown in Table 2. Approximately 48% of the total unoccupied developable industrial land was identified is in the eastern areas of the Shire (Hastings, Somerville, Bittern-Crib Point and Tyabb).

**T2. INDUSTRIAL ZONED LAND BY PRECINCT**

Precinct	Zoned Industrial Land	Net Industrial Land	Total Occupied Land	Total Unoccupied Land	No. of Lots	Average Lot Size
Mornington Tyabb Rd	79.9ha	58.5ha	47.9ha	10.6ha	763	766m2
Mornington - North	26.7ha	25.8ha	22.7ha	3.1ha	58	4,443m2
Hastings	86.4ha	74.5ha	61.2ha	13.3ha	297	2,508m2
Capel Sound	72.9ha	54.6ha	34.7ha	19.9ha	252	2,167m2
Somerville	39.4ha	36.2ha	26.3ha	9.9ha	281	1,289m2
Dromana	33.2ha	27.7ha	21.7ha	6.0ha	218	1,270m2
Bittern - Crib Point	23.1ha	17.2ha	6.5ha	10.7ha	96	1,789m2
Tyabb	19.0ha	16.6ha	12.6ha	4.0ha	65	2,553m2
Rye	5.3ha	4.6ha	4.1ha	0.5ha	36	1,267m2
Sorrento	2.6ha	2.2ha	2.2ha	0.0ha	23	960m2
<b>Total</b>	<b>388.5ha</b>	<b>317.8ha</b>	<b>239.9ha</b>	<b>77.9ha</b>	<b>2,089</b>	<b>1,521m2</b>

Mornington Peninsula Industrial Areas Strategy, Essential Economics, 2018 – note land supply data is from 2015.

The report notes that industrial land consumption (development of unoccupied land) in the Mornington Peninsula averaged 2.9ha per year between 2005 and 2015.

In total, consumption of industrial land for the ten-year period was 29.2ha. Total supply of industrial land also decreased by 3ha over the same period as a result of land lost to infrastructure and road development during subdivision. This figure is much higher if past and proposed rezoning of industrial land for Masters hardware store site (Mornington), Mornington Caravan Park site, and Rosebud Shire wetland site, are taken into consideration. As a result, total unoccupied industrial land on the Mornington Peninsula is 32.1ha lower than in 2005.

Based on the historical consumption of 2.9ha of industrial land per annum, the report notes that the availability of unoccupied industrial land would decline from 25% in 2015 to 14% of existing supply by 2026.

The report notes that constraints have become imminent and it is appropriate to begin the process of identifying additional industrial land supply opportunities. This includes for industries requiring larger land areas, where there is already limited supply.

Between 2005 and 2015, unoccupied industrial land in the Shire’s three largest industrial areas was consumed at between 1.4ha and 7.7ha, as shown in Table 3.

T3. TRENDS BY MAJOR INDUSTRIAL PRECINCT

	Hectares Consumed
Mornington Peninsula-Tyabb Road	-3.1 ha
Capel Sound	-7.7 ha
Hastings	-1.4 ha
Mornington – North (including homemaker centre)	0.0 ha

Source: Mornington Peninsula Industrial Areas Strategy, Essential Economics, 2018 – note land supply data is from 2015.

The report also identifies that industrial precincts in Mornington Peninsula have been diversifying, including:

- Businesses selling trade supplies and other primarily non-retail goods which require showrooms and shopfronts for the display of products;
- Businesses which require a significant office/administration component to their premises;
- Leisure and fitness-orientated businesses such as gyms and children’s play centres;
- Cafes and restaurants aiming to serve a mix of workers and the general public;
- Places of worship and/or assembly;
- Motor vehicle, marine and sporting equipment sales;
- Bulky goods and restricted retailing;
- Garden supplies and landscaping;
- Hotels, accommodation and function spaces.

The report notes the following opportunities for industrial land development:

- **Existing Business** - Retain and expand the existing business base.
- **Niche manufacturing** - manufacturing of products with a specialist niche can be attracted to the Shire, examples include marine related manufacturing and food processing of local agricultural products.
- **Agriculture and Viticulture** – value add industries, such as the creation of larger processing facilities in industrial areas which are supplied by the local agriculture and/or viticulture sector.
- **Construction** - accommodate a wide range of construction and related businesses, potentially including manufacturing of construction inputs such as building materials or pre-fabricated structures.
- **Tourism and Visitor Spending** - Future growth in spending by tourists and other visitors has the potential to generate demand for industrial activities related to serving this market. Examples include catering companies, leisure and tourism providers, and specialised manufacturers.
- **Hospitality** - Businesses directly serving the hospitality industry may be accommodated in industrial precincts; examples include wholesale suppliers to hotels and bars, or specialised cleaning, laundry and maintenance businesses.
- **Ageing and Healthcare** - industrial areas of the Shire can potentially accommodate the manufacture, wholesale and direct supply of aged care-related products and services. Similarly, trade and service providers can include businesses specifically aiming to service the retirement and aged care sector.

The development of the Port of Hastings as a secondary container Port was also noted as a ‘game changer’ opportunity within the report, however, this was noted in the context of Bay West being the likely candidate for establishment of Melbourne’s second Port.

Importantly, the Strategy also notes the following:

- The Industrial 3 Zone is still considered the ‘best fit’ in the Mornington Peninsula context as it is consistent with the general service industries which dominate industrial land demand in the Shire, and can also accommodate other commercial and restricted retail activities subject to the application of appropriate planning guidelines.
- Future designation/release of any new areas for industrial development will need to include consideration of the appropriate zoning tools, including the value of ‘tailor made’ special use zones to reflect particular requirements.

- The fragmentation of industrially-zoned land into relatively small lot sizes and into 'factoryette' development imposes limits on the range of uses that can be attracted. While this services to support relatively small-scale service based businesses, future planning will need to consider the provision of larger sites suited to a wider range of new businesses and more specialised activities.

#### **MORNINGTON PENINSULA ACTIVITY CENTRES STRATEGY (2018)**

The Activity Centres Strategy includes an assessment of retail and commercial floorspace demand and supply and provides strategic directions and a policy framework for the activity centres on the Peninsula.

The strategy identified that 18% (53,800m<sup>2</sup>) of the total retail floorspace in the municipality is located in light industrial areas in Mornington, Rosebud and Hastings. In Hastings this includes Bunnings and some food retailing.

The strategy notes that land zoned for industrial activity in some instances is evolving into mixed enterprise areas, including a high share of non-industrial commercial uses including homemaker retailing, gyms, indoor sports facilities and office suites and expanded into more customer intensive activities such as art galleries, cafes and takeaway food outlets, and brewery bars.

The strategy designates Hastings as a major activity centre (along with Mornington and Rosebud). Somerville is designated as a large township and Tyabb as a local centre.

The strategy notes that the Hastings major activity centre will continue to evolve and grow in a manner that consolidates, and ultimately enhances, its role as the higher-order service centre for the eastern parts of Mornington Peninsula Shire.

A strong street-based environment and proximity to Western Port Bay means that the centre has significant opportunities to increase its reputation as a functional and attractive location for shopping and other activities.

The strategy recommends the implementation of the Hastings Township Structure Plan and High Street Streetscape Design Framework.

In regard to Somerville, the strategy notes that the activity centre is characterised by a fragmented layout. There are also significant design challenges including consideration of the rail corridor. The performance of the centre is expected to improve as the population grows in the surrounding area.

#### **HASTINGS STRUCTURE PLAN (2017)**

The Hastings Structure Plan (2017) notes that the Hastings township population is expected to increase by 2,400 residents and 1,100 dwellings in the next 15 years.

The Structure Plan provides for additional retail/commercial development opportunities along King Street. The Structure Plan notes the maintenance of the existing light industrial precincts to the west of the township.

#### **SOMERVILLE STRUCTURE PLAN (2019)**

The Somerville structure plan does not recommend any addition to industrial land supply, however, notes to maintain the existing industrial precinct.

#### **PORT OF HASTINGS DEVELOPMENT STRATEGY (PORT OF HASTINGS, 2018)**

The primary objective of the Port of Hastings Development Authority is to develop the Port for bulk and break bulk trades, while ensuring that the ability to develop the Port for containerized trades in the future is preserved. The Port is well placed to continue to develop trades in bulk liquids and gases and its connection and proximity to Gippsland remains a key driving factor to support a range of future industries onshore and offshore in the region.

The report notes that Infrastructure Victoria's suggested that the Port is an important part of Victoria's future commercial port network and is particularly well suited to the management of trades such as automotive trade when a new terminal is required in coming decades.

The report acknowledges that Bay West has been earmarked as Victoria's potential second container port, however that the Port of Hastings should remain an option in reserve. The port development strategy is focused on the development of non-containerised trades but must also make allowance for land use planning, berth development and port precinct reservations to ensure that bulk trade developments do not preclude the port from accommodating international trade in the future.

The report recommends a number of development strategies, largely involving actions to preserve current economically contributor activities whilst ensuring the significant potential of the Port remains protected. Recommendations include:

- The retention of Port Zoned (SUZ1) land to preserve future port expansion options, consistent with current Government policy.
- Current and future transport corridor preservation strategies including upgrades to permit heavy, more productive vehicles. Key road improvements as noted in the strategy include:
  - Continued development of Western Port Highway to remove restrictions and roundabouts.
  - Greater focus to east west connections on Tyabb Mornington Road and Bungower Road with assessment of the preferred option to connect with Peninsula link.
  - Development of Tyabb Tooradin road to provide an option for bulk or break bulk products from Gippsland as trade volumes increase.
- Investigation of industrial use development options in the Port interface areas to support trade and economic development. These areas have been identified to provide a lower impact interface to the communities of Hastings and Tyabb considering compatible industrial land uses.
- Actions to assist with current port trade development opportunities including the potential for the Port to own or control the Old Tyabb Reclamation Area as a key development area.
- The development of critical transport links, including, Western Port Highway and Thompsons Road upgrades, east west connections to Peninsula Link and improving the important connections to Gippsland.
- The separation of Stony Point operational and public areas. To enhance further development and compliance of the current ferry facilities.

#### **MORNINGTON PENINSULA MARINE PRECINCTS STRATEGY (2015)**

The Mornington Peninsula Marine Precincts Strategy was prepared to facilitate investment and clustering of marine industry and related uses into key precincts and nodes.

The marine sector generates an estimated annual output of \$1.6 billion and employs approximately 2,100 people (2012). There is an extensive array of recreational and industrial type boating activities on the Mornington peninsula, including marine manufacturing and servicing, marinas, public boat ramps, shipping at the Port of Hastings, aquaculture, marine based tourism, recreational fishing, vocational training, charters, recreational and commercial scuba diving and boat hire. Marine precincts on the Mornington Peninsula are generally supported by existing marine based infrastructure including boat ramps, piers, jetties, wet berths, dry berths, boatlifts, swing moorings, refuelling and pump out facilities.

The strategy identified three different types of marine precincts, including:

- Marine industrial precincts – precincts that are primarily associated with the manufacturing, maintenance and heavy servicing of vessels and marine equipment.
- Multi-purpose marine precincts – precincts that have the capacity to cater for a diverse range of uses (i.e. marine based mixed-use precinct);
- Marine recreation precincts – precincts that incorporate predominately recreational boating and associated activities and services.

Outcomes of the stakeholder consultation which informed the strategy provides the following key points:

- Support for Council's initiative to support the marine sector, to encourage marine based activities and investment.

- A lack of appropriately zoned and affordable land.
- A need for greater emphasis and investment on sea based destination planning (ie. marine tourism).
- Western Port and Port Phillip need strategically located boat building and servicing industry with direct access to the waterfront.

#### **MORNINGTON PENINSULA MARINE INDUSTRY PRECINCT ECONOMIC ANALYSIS (2019)**

Following the completion of the Marine Industry Precincts Strategy, the Marine Industry Precinct Economic Analysis project was completed in 2019. The report provides the following key findings relevant to this project:

- The marine industry sector is an economic asset that is growing.
- Due to limited land availability and the scattered nature of existing businesses, there is limited opportunity to grow the sector.
- Small industrial lots present an operational constraints and limit future growth potential.
- Due to lack of physical space and inadequately sized industrial lots, some businesses have expanded in an ad hoc manner, occupying adjoining and nearby sites.
- The sector has indicated that they have capacity to grow but lack suitably zoned land.
- The development of a dedicated marine industry precinct would provide appropriately zoned land and infrastructure to capture sector growth from new and expanding existing marine industrial businesses as well as ancillary services.
- The establishment of a new marine industry precinct would help activate and drive new investment, employment and gross regional product growth.
- A serviced site of 50ha+ would be suitable for establishment of a marine industry precinct and a direct waterside location was not an essential requirement. The estimated need for a 50ha site was based on consultation and case studies of waterside marine precincts.

The report identified that there was opportunity to utilise industrial investigation land identified in the Port of Hastings Development Strategy for the establishment of a marine precinct, proximate to Yaringa Harbour. Leveraging its proximate access to deep waters, existing extent of marine infrastructure and facilities, short distance to Western Port Highway and Melbourne.

The Study identified the Bungower Road (west) site within the Somerville investigation area as the preferred site for development of a marine industry precinct, however, there was no formal resolution from Council confirming this as the preferred site.

F2. MARINE INDUSTRY PRECINCT SITES



Source: Arcadis, Mornington Peninsula Marine Industry Precinct Economic Analysis, 2019

**MORNINGTON PENINSULA ECONOMIC DEVELOPMENT STRATEGY 2016-2019**

The Mornington Peninsula Shire Economic Development Strategy (EDS) identifies primary focus areas for business and economic growth, including the visitor economy, food, niche manufacturing and health.

Key initiatives relevant to tourism and this project include the need to quantify agritourism growth opportunities and develop and support niche commercial, coastal and hinterland market sectors and products.

In regard to the food economy, the following needs were identified:

- Niche agricultural activities (ie. aquaculture, agri-tourism and eco-tourism);
- Value add faring and manufacturing processes need to be explored and encouraged.

The niche manufacturing economy is noted as a strategic industry growth opportunity. The establishment of a marine industry precinct is noted as a signature project.

The EDS also notes a need to advocate for continued investment in the Port of Hastings.

**MORNINGTON PENINSULA PRECINCTS SURVEY ANALYSIS (2018)**

In 2018, a survey of businesses within Mornington Peninsula's industrial areas was administered by Council. The survey was designed to identify the needs of businesses.

The survey provides a number of findings relevant to this project, including:

- Majority of respondents were from Mornington Industrial Estate (42%), followed by Hastings (18%) and Rosebud (16%).
- The most common industry sector responded was retail trade (26%), followed by construction (15%) and Manufacturing (15%).
- Car related products were the most common product or service (including sales, parts servicing, hiring), followed by food, design, construction, electrical, plumbing, furniture, art, mechanical repairs and pool.
- Just over half of respondents were owner occupiers (52%), whilst 47% were lessees.
- 75% of businesses were over 10 years old (11% between 5 and 10 years);
- 50% of businesses have expansion plans of which 64% planned to expand within the next 12 months;

- Most of the businesses with expansion plans were based in Hastings (83), followed by Mornington (46). And most were from businesses in 'Manufacturing', Retail and related, rather than 'Professional and advanced services'.
- Key reasons for business location included close to home (54%), other reasons (36%)<sup>2</sup>, and close to customer (25%).
- Almost all businesses employed full time staff (5.9 staff on average), followed by 38% who hire part time staff (2.9 on average), 35% hire casual staff (4.3 on average) and 25% hire sub-contractors (7.2 on average).
- Overall, business respondents indicated 65% of all customers were local and 25% were from elsewhere in metropolitan Melbourne.
- Key improvements identified that would aid business development included more parking, better accessibility and road safety and improved signage.

#### KEY FINDINGS

- The Melbourne Industrial and Commercial Land Use Plan (2020) notes that demand for industrial land is likely to remain strong in the long term and that industrial land should be retained and planned for where appropriate. The land within the Hastings SSIP is zoned specifically for port related uses, effectively making it unavailable for general industrial purposes. The Plan recommends that opportunities be investigated for the potential use of land outside of the Hastings SSIP for a broader range of industrial uses.
- The Industrial Areas Strategy estimated that between 2005 and 2015, industrial land was being consumed at a rate of 2.9ha per annum. The report also identified that existing supply of industrial land is constrained and there is a requirement to identify new opportunities for industrial land supply to cater to future growth. Based on consumption of 2.9ha per annum, industrial land stocks would decline to 14% of existing supply by 2026.
- Industrial precincts in Mornington Peninsula have a high proportion of retail businesses (with industrial precincts providing up to 18% of total retail floorspace across the Shire). In some cases, industrial precincts have evolved into mixed enterprise precincts with a high proportion of non-industrial commercial uses (homemaker centres, gyms, recreation, office suites, galleries, cafes, takeaway foods, breweries). This is in part due to the use of the industrial 3 zone.
- The Port of Hastings Authority has identified a significant portion of land to the west of the port area which provides potential for industrial related uses, improving the interface with adjoining land uses.
- The opportunity for a marine related industrial precinct has been proposed in recent years. A site on Bungower Road within the port industrial land investigation area, in close opportunity to Yaringa Harbour was identified as a possible location for this opportunity. The marine industry had noted a need for a dedicated marine precinct. Small lot sizes and a lack of suitably zoned land were identified as constraints to industry growth.
- Identified potential growth industries in Mornington Peninsula include expansion of existing businesses, niche manufacturing (marine related businesses or food processing), niche agricultural activities (viticulture, value add farming and processing businesses, agritourism and eco-tourism), construction, tourism (catering, leisure, specialised manufacturers), hospitality suppliers (cleaning, laundry, maintenance, wholesale supplies), ageing and healthcare (aged care related provide and services).

<sup>2</sup> There was no elaboration on this category in the report

### 3. LAND SUPPLY

#### 3.1. INTRODUCTION

This section provides an analysis of industrial land supply across the Mornington Peninsula Shire, including existing occupied land and vacant supply.

The study area for this assessment is the Mornington Peninsula Shire, which includes all Industrial 3 Zoned (IN3Z) land in the municipality. The supply assessment aligns with the study area adopted for the *Mornington Peninsula Industrial Areas Strategy* (Essential Economics, 2018). This excludes land zoned Special Use Zone (SUZ) as part of the Port of Hastings. The assessment of industrial land supply in *Industrial Areas Strategy* (2018) is based on land supply in 2015.

#### 3.2. CURRENT LAND SUPPLY

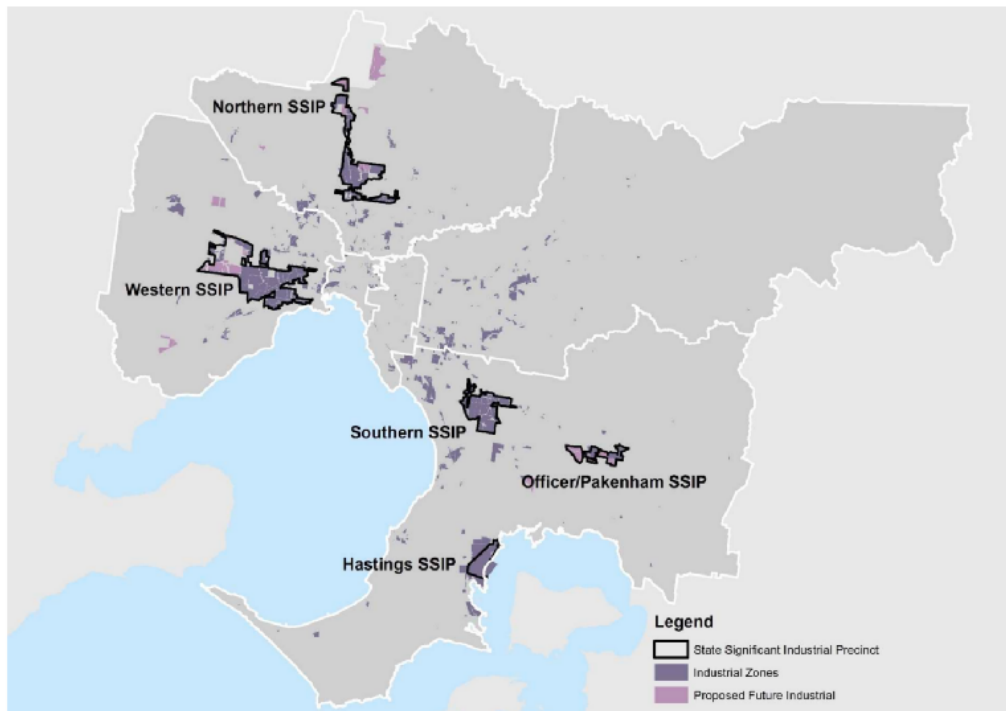
##### METROPOLITAN INDUSTRIAL LAND SUPPLY

The Urban Development Program (2018) provides information regarding industrial land supply across metropolitan Melbourne.

The Port of Hastings Special Use Zone (SUZ) area is identified as a State Significant Industrial precinct (SSIP), along with Officer/Pakenham, Southern SSIP, Western SSIP and Northern SSIP.

As the published industrial land supply figures in the UDP include the SUZ land within the Port of Hastings, these figures have not been utilised in this report.

##### F3. UDP METROPOLITAN INDUSTRIAL LAND SUPPLY



Sources: Department of Environment, Land, Water and Planning, Plan Melbourne – 2017 to 2050.

**MORNINGTON PENINSULA INDUSTRIAL LAND SUPPLY**

In this report, 'vacant land' has been identified through a review of recent aerial photography (Dec 2019).

In order for a site to be classified as vacant, it was required to meet one or more of the following criteria:

- None or very limited storage of materials;
- No visible business activity;
- No major improvements; and
- No formalised vehicle crossover.

Identified vacant lots have been mapped and are included at Appendix A. Land supply has been compared with results from the *Industrial Areas Strategy* in 2015, however, it is unclear how sites were identified as vacant to inform the strategy.

Since the preparation of the *Industrial Areas Strategy* (2018) total supply of zoned industrial land has decreased by 13.2ha. This is due to the rezoning of industrial land in the Bittern – Crib Point industrial precinct as part of Amendment C210 (2019), which rezoned 13.2ha of land from the Industrial 3 Zone (INZ3) to the Neighbourhood Residential Zone (NRZ1).

The assessment of net industrial land supply is also 3.4ha greater than what was reported in the *Industrial Areas Strategy* (2018). As no additional land has been zoned since the preparation of the strategy, it is assumed this change is a result of:

- Changes in the extent of the Tootgarook Wetlands, which has affected the net developable area within the Capel Sound Industrial Precinct (select areas of the Tootgarook Wetland that are not protected by the LSI0 have been filled - increasing the net developable land area by approximately 1.2ha); and
- Differences in methodology in calculation of industrial land areas. As no industrial land supply mapping is available from the assessment completed in 2015, these minor discrepancies cannot be rectified.

Industrial land supply in Mornington Peninsula Shire is summarised in Table 4 and 5. As of December 2019, there was approximately 40.4ha of industrial land supply remaining in the Shire. Based on a high-level review of aerial photography, there is approximately 2.7ha of unoccupied land that appears to be highly constrained by dense vegetation or access constraints. These areas are primarily within the Bittern – Crib Point industrial precinct.

Within industrial precincts relevant to the study area, there is approximately 15.6ha of unoccupied industrial land remaining. This is primarily provided through a number of lots in Hastings and one parcel to the north of the Somerville industrial precinct.

Lot sizes generally range between 1,000 to 2,000 sqm.

**T4. INDUSTRIAL LAND SUPPLY SUMMARY – MORNINGTON PENINSULA SHIRE - 2015 TO 2020**

	2015*	2020	Change
Net Developable Industrial Land	317.8	310.7	-7.1
Occupied	239.9	270.3	+30.4
Unoccupied	77.9	40.4	-37.5

Source: Urban Enterprise, 2020. \*Note: Land supply figures from 2015 are as reported in the *Mornington Peninsula Industrial Land Strategy* completed by Essential Economics in 2018

T5. INDUSTRIAL ZONED LAND BY PRECINCT - MORNINGTON PENINSULA SHIRE - 2020

	Zoned Industrial Land	Net Industrial Land	Total Occupied Land	Total Unoccupied	% Unoccupied	No. of Lots	Average Lot Size
Mornington Tyabb Rd	80.0	61.0	55.5	5.5	9.0%	831	734
Mornington North	26.6	25.8	25.8	0.0	0.0%	49	5,273
Hastings	86.5	74.5	67.1	7.4	9.9%	304	2,451
Capel Sound	73.0	55.9	42.7	13.2	23.6%	406	1,378
Somerville	39.4	35.7	28.3	7.5	20.9%	337	1,061
Dromana	33.2	27.7	25.3	2.4	9.3%	239	1,097
Bittern - Crib Point	9.9	6.6	3.3	3.3	49.8%	17	3,870
Tyabb	19.0	16.6	15.9	0.7	4.1%	138	1,204
Rye	5.3	4.6	4.2	0.4	9.1%	35	1,306
Sorrento	2.6	2.2	2.2	0.0	0.0%	12	1,841
<b>Total</b>	<b>375.4</b>	<b>310.7</b>	<b>270.3</b>	<b>40.4</b>	<b>13.1%</b>	<b>2,368</b>	<b>1,306</b>

Source: Urban Enterprise, 2020

3.3. INDUSTRIAL PRECINCTS

Table 6 provides a brief overview of the existing industrial precincts including occupied and unoccupied land supply, key land uses and notations of any significant areas of industrial land unlocked since 2015.

Somerville and Tyabb provide primarily provide more service type industrial businesses, whilst the business base in Hastings has a greater connection to the Port of Hastings.

Both Tyabb and Somerville have had industrial land unlocked for development in the time since the Industrial Land Use Strategy was prepared. Recent development in these areas primarily appears to be small scale warehouses /factoryettes.

T6. INDUSTRIAL PRECINCT PROFILES

Industrial Precinct	Land Supply	Overview / Key Uses*	Land unlocked since 2015
<b>Within Study Area</b>			
Hastings	Occupied: 67.1 ha Unoccupied: 7.4 ha	Predominate uses include Trades & Service Industries, Manufacturing, Restricted Retailing. A relatively high share of businesses are associated with automotive repairs and maintenance, while metal trades and manufacturing is also heavily represented. The metal trades and manufacturing are linked, in part, to the operation of the nearby Port of Hastings.	
Somerville	Occupied: 28.3 ha Unoccupied: 7.5 ha	Light Industrial (factoryettes), Trades & Service Industries, Warehousing. Limited showroom type uses. Businesses primarily meeting local needs rather than large business with a role in serving nearby Port uses or a wider geographic customer base. Land to the north of the precinct was rezoned close to the time of preparation of the Industrial Land Strategy.	About 1.3ha of land unlocked in the north east area of the precinct in 2016.
Tyabb	Occupied: 15.9 ha Unoccupied: 0.7 ha	Businesses located in the precinct are primarily construction, trade, and services and warehousing related.	Significant land unlocked over 2015 and 2016 following the construction of Cannery Court.
<b>Outside of Study Area</b>			

Mornington Tyabb Rd	Occupied: 55.5 ha Unoccupied: 5.5 ha	Trades & Service Industries, Warehousing, Sports & Leisure, Retailing	
Mornington North	Occupied: 25.8 ha Unoccupied: 0.0 ha	Retailing (Homemaker Centre, ALDI, Bunnings), Office (Factoryettes, Offices, Wholesale businesses, Self-storage)	
Capel Sound	Occupied: 42.7 ha Unoccupied: 13.2 ha	Light industrial, trades & Service Industries (carpentry and plumbing), Warehousing, Construction, Retailing (Bunnings, Carpet Court).	Industrial land unlocked at the end of the 2017, following the extension of Harry Wilson Drive.
Dromana	Occupied: 23.8 ha Unoccupied: 2.4 ha	Trades & Service Industries, Construction. Supermarket (Aldi). High degree of accessibility from Mornington peninsula Freeway and Nepean Highway.	
Bittern Crib Point	Occupied: 3.3 ha Unoccupied: 3.3 ha	Waste Remediation, Trades & Service Industries. Low levels of services and transport are a limit to investment.	
Rye	Occupied: 4.2 ha Unoccupied: 0.4 ha	Trades & Service Industries, Retailing (Home Timber and Hardware), Construction, Property maintenance and repairs.	
Sorrento	Occupied: 2.2 ha Unoccupied: 0.0 ha	Marine-based industrial uses, including boat storage, boat repairs, and marine engine maintenance and sales	

Source: Urban Enterprise, 2020 / \*Mornington Peninsula Industrial Areas Strategy, Essential Economics, 2018

**KEY FINDINGS**

- Estimated 40.4ha of industrial land supply available in Mornington Peninsula Shire. This is theoretical supply, in that all potential land supply constraints are unknown (e.g. due to ownership, environmental or other). Based on a high-level review of aerial photography, at least 2.7ha appears highly constrained. An estimated 15.6ha of unoccupied land is within industrial precincts relevant to the investigation area.
- Majority of existing lots are small to medium lots (between 1,000 to 2,000 sqm).
- Since 2015, industrial land has been unlocked in three key industrial precincts including Somerville, Tyabb and Capel Sound.
- Industrial precincts cater to diversity of business types, including trades and services businesses, warehouses and factoryettes, restricted retail, storage facilities and light industry. This is in part due to the industrial 3 zoning.

## 4. LAND DEMAND

### 4.1. INTRODUCTION

This section of the report includes analysis of factors relevant to industrial land demand in Mornington Peninsula including population growth, labour force, employment change and building permit activity.

### 4.2. POPULATION

The following section analyses changes in historical population on the Mornington Peninsula and forecast population growth.

The following statistical areas have been utilised in this assessment:

- **Local Government Area (LGA)** - Mornington Peninsula Shire;
- **Urban Centre/Locality (UCL)** – Somerville, Tyabb, Hastings, Bittern-Crib Point. Note data boundaries between 2011 and 2016 do not align for Somerville and Bittern-Crib Point.
- **Statistical Area 2 (SA2)** – Hastings-Somers SA2 (includes towns of Hastings, Bittern, Crib point, Balnarring, Somers) and Somerville SA2 (includes towns of Somerville, Tyabb, Moorooduc and Baxter). The combination of the Somerville SA2 and Hastings-Somers SA2 reflect the eastern region associated with the study area.

The boundaries for the data areas are shown at Appendix B.

#### 4.2.1. HISTORICAL GROWTH

In 2016, Mornington Peninsula Shire had a population of 160,862 people. The population increased by approximately 16,254 people between 2011 and 2016 at a rate of 2.2% per annum. This is a high rate of growth and was slightly below the metropolitan population growth rate of 3.3% per annum.

The town of Tyabb had a population of 3,473 residents in 2016, growing at a rate of 1.2% per annum between 2011 and 2016.

The population of Hastings grew at a strong rate between 2011 and 2016 at a rate of 2.3% per annum.

The Somerville-Hastings SA2 accommodated approximately 24% of municipal growth over this period. This area grew at a rate of 2.4% per annum, whilst the Somerville SA2 grew at an overall rate of 1.6% per annum.

Historically strong population growth across Mornington Peninsula Shire and in areas associated with the study area suggests that over this time demand for population based industrial services would have been growing.

#### T7. HISTORICAL POPULATION GROWTH – MORNINGTON PENINSULA SHIRE – 2011 TO 2016

Region	Population		Change 2011-2016	
	2011	2016	Number	Historical AAG
Tyabb (UCL)	3,306	3,473	+367	1.2%
Hastings (UCL)	8,685	9,946	+1,969	2.3%
Hastings - Somers (SA2)	20,299	22,851	+2,552	2.4%
Somerville (SA2)	17,452	18,878	+1,426	1.6%
Mornington Peninsula Shire (LGA)	144,608	160,862	+16,254	2.2%
Greater Melbourne	3,999,982	4,714,387	+714,405	3.3%

Source: Census of Population and Housing, Place of Usual Residence, ABS 2011 & 2016

#### 4.2.2. FORECAST POPULATION

Projections of population have been obtained from two sources:

- Victoria in Future 2019 (VIF2019), the official State government projections; and
- Forecast Id projections prepared by consultants .id for Mornington Peninsula Shire.

VIF2019 projections are provided for SA2 areas (Somerville and Hastings-Somers) and Mornington Peninsula Shire.

Forecast Id projections are for a data areas known as small areas. These boundaries align with ABS boundaries for Urban Centres and Localities (UCL).

Table 8 shows the population projections published by VIF2019 and Forecast ID. Forecast results include:

- VIF2019 estimates that the population of Mornington Peninsula Shire will increase by approximately 39,498 residents from 2016 to 2036, equating to an average annual growth rate of 1.1% per annum. According to these estimates, it is expected that the combined Somerville – Hastings region (SA2) will attract an additional 10,675 residents by 2036, accommodating approximately 27% of total population growth in the municipality over the projection period.
- Forecast id projections are much more modest, estimating an average annual growth rate of 0.6% per annum, equating to an additional 14,175 residents to 2036. These projections estimate that the localities relevant to the investigation area will grow by 2,925 residents, accommodating approximately 21% of the total municipal growth.

Both forecasts are significantly lower than the historical rates of population growth for Mornington Peninsula Shire between 2011 and 2016.

#### T8. POPULATION FORECAST OF MORNINGTON PENINSULA BY REGION – 2016 - 2036

Source.	Region	Population		Change 2016 - 2036	
		2016	2036	Number	Forecast AAG
VIF	Hastings - Somers (SA2)	22,851	29,788	+6,937	1.3%
	Somerville (SA2)	18,878	22,616	+3,738	0.9%
	Mornington Peninsula Shire (LGA)	160,862	200,360	+39,498	1.1%
	Greater Melbourne	4,714,387	6,884,129	+2,169,742	1.9%
Id.	Somerville (UCL)	11,679	12,834	+661	0.5%
	Tyabb (UCL)	3,473	3,708	+35	0.3%
	Hastings (UCL)	9,946	11,625	+971	0.8%
	Bittern-Crib Point (UCL)	7,135	8,755	+1,258	1.0%
	Mornington Peninsula (LGA)	160,862	181,097	+14,175	0.6%

Source: Population for Statistical Areas from 2016 to 2036, Victoria in Future 2019

#### 4.2.3. LABOUR FORCE

In 2016, there were 70,988 residents in the labour force in Mornington Peninsula Shire. The size of the labour force grew by 4,365 residents over the 5-year period, at a rate of 1.3% per annum.

#### T9. LABOUR FORCE – MORNINGTON PENINSULA SHIRE

	2011	2016
Worked full-time	36,456	37,951
Worked part-time	23,021	25,796
Away from work	4,149	3,754
Unemployed	2,997	3,487
<b>Total in Labour Force</b>	<b>66,623</b>	<b>70,988</b>

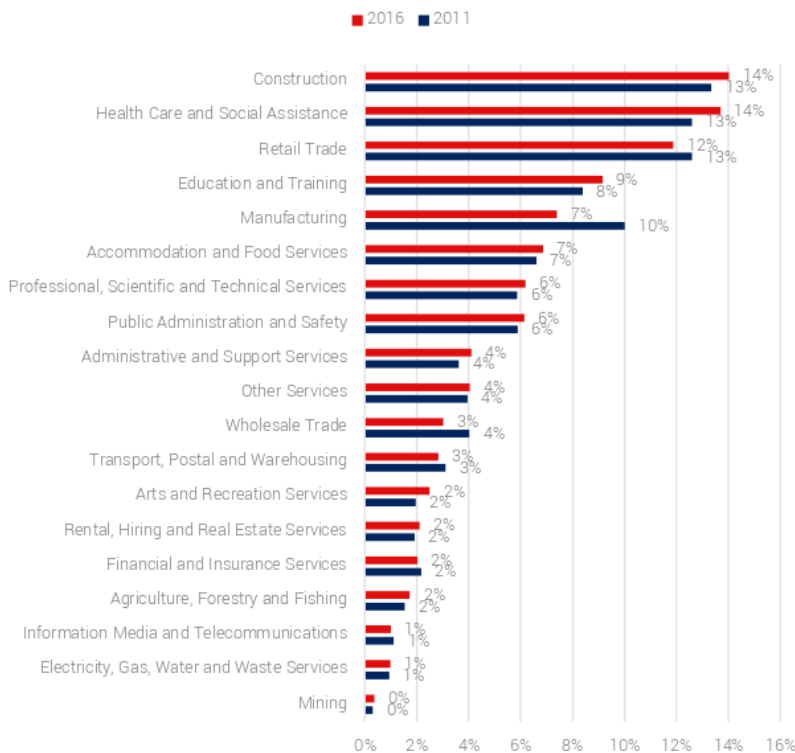
Source: Census of Population and Housing, Place of Usual Residence, ABS 2011 & 2016

Figure 4 shows the profile of the resident labour force of Mornington Peninsula Shire in 2011 and 2016. The main industry sectors of employment include construction (14%), Health Care and Social Assistance (14%), Retail Trade (12%), Education and Training (9%), Manufacturing (7%) and Accommodation and Food Services (7%). The

resident labour force profile aligns to providing business development opportunities on industrial land, particularly with regard to construction related businesses, manufacturing, tourism/hospitality and retail.

As the labour force grows it will be important to ensure adequate local employment opportunities are available to cater to the growing resident population to foster high job containment.

**F4. LABOUR FORCE MORNINGTON PENINSULA SHIRE**



Source: Census of Population and Housing, Place of Usual Residence, ABS 2011 & 2016

**4.2.4. JOB CONTAINMENT**

Table 10 shows the job containment rate on the Mornington Peninsula. 57% of employed residents live and work in Mornington Peninsula Shire, whilst 43% travel outside of the Shire for work or have no fixed work address.

**T10. JOB CONTAINMENT**

LGA of Usual Work	#	%
Mornington Peninsula (S)	38,244	57%
Outside of Mornington Peninsula (S)	25,046	37%
No Fixed Address (Vic.)	4,336	6%
<b>Total</b>	<b>67,626</b>	<b>100%</b>

Source: Remplan, ABS 2016 Census of Population and Housing

#### 4.2.5. EMPLOYMENT

Employment growth across the municipality and areas relevant to the investigation areas has been assessed using the data from ABS Census Place of Work and ABS Counts of Australian Businesses at the LGA level.

The following table shows employment by industry sector in Mornington Peninsula Shire from 2011 to 2016.

- In 2016, there were a total of 46,998 jobs in Mornington Peninsula Shire. There was an additional 5,057 jobs in Mornington Peninsula Shire between 2011 and 2016, growing at a rate of 2.3% per annum.
- The top industries of employment in 2016 were Retail, Health Care and Social Assistance, Construction and Accommodation and Food Services.
- Employment in industry sectors that occupy industrial land<sup>3</sup> grew by 618 jobs between 2011 and 2016. Further, given all industrial land in Mornington Peninsula is zoned IN3Z, it is highly likely that the increase in employment in Retail (+179 jobs) and Accommodation and Food Services (+821 jobs) would be in part a result of new development in industrial precincts.
- Industrial sectors that saw a decline in employment included Manufacturing and Wholesale Trade, reflecting broader macroeconomic trends. Employment in the construction sector grew at a very strong rate at 5.1% per annum. Given the high proportion of commercial and/or retail uses being accommodated in Industrial Areas (the Activity Centres Strategy estimated that 18% of retail floorspace is provided in Industrial precincts), it may be that higher order land uses have contributed to some decline in employment in traditional industrial sectors. It is therefore critical that adequate supply remains to cater to both traditional industrial businesses and higher order commercial and retail business (where appropriate).

#### T11. EMPLOYMENT BY INDUSTRY – MORNINGTON PENINSULA – 2011 TO 2016

	2011	2016	Change	AAG (%)
Agriculture, Forestry and Fishing	899	1139	240	4.8%
Mining	136	136	0	0.0%
Manufacturing	3765	3240	-525	-3.0%
Electricity, Gas, Water and Waste Services	293	337	44	2.8%
Construction	4071	5220	1149	5.1%
Wholesale Trade	1107	826	-281	-5.7%
Retail Trade	6684	6863	179	0.5%
Accommodation and Food Services	3945	4766	821	3.9%
Transport, Postal and Warehousing	955	890	-65	-1.4%
Information Media and Telecommunications	306	281	-25	-1.7%
Financial and Insurance Services	664	663	-1	0.0%
Rental, Hiring and Real Estate Services	865	990	125	2.7%
Professional, Scientific and Technical Services	2174	2559	385	3.3%
Administrative and Support Services	1231	1610	379	5.5%
Public Administration and Safety	2605	2844	239	1.8%
Education and Training	3929	4398	469	2.3%
Health Care and Social Assistance	5558	6862	1304	4.3%
Arts and Recreation Services	976	1300	324	5.9%
Other Services	1778	2074	296	3.1%
<b>Total</b>	<b>41,941</b>	<b>46,998</b>	<b>5,057</b>	<b>2.3%</b>

Source: Census of Population and Housing, Place of Work, ABS 2011 & 2016

Table 12 shows an analysis of employment in the Manufacturing sub-sectors. The data shows that the majority of manufacturing job losses were attributed to Primary Metal and Metal Product Manufacturing, which is likely as a

<sup>3</sup> Industry sectors include manufacturing, construction, wholesale trade, mining, transport, postal and warehousing and other services.

result of job cuts from Western Port Bluescope Steel, located within the Port of Hasting SUZ area. There were also other job losses associated with other metal manufacturing sectors including Fabricated Metal Product Manufacturing (-72 jobs).

There was strong employment growth recorded in Food Product Manufacturing (+248 jobs) and Beverage and Tobacco Product Manufacturing (136 jobs), which is likely a target industry growth sector for Mornington Peninsula.

**T12. CHANGE IN EMPLOYMENT – MANUFACTURING SUB-SECTOR**

	2011	2016	Change
Food Product Manufacturing	796	1044	248
Primary Metal and Metal Product Manufacturing	1219	697	-522
Beverage and Tobacco Product Manufacturing	180	316	136
Manufacturing, nfd	309	250	-59
Transport Equipment Manufacturing	157	166	9
Furniture and Other Manufacturing	159	143	-16
Machinery and Equipment Manufacturing	211	139	-72
Fabricated Metal Product Manufacturing	180	108	-72
Textile, Leather, Clothing and Footwear Manufacturing	136	95	-41
Printing (including the Reproduction of Recorded Media)	72	76	4
Wood Product Manufacturing	137	70	-67
Non-Metallic Mineral Product Manufacturing	86	55	-31
Polymer Product and Rubber Product Manufacturing	37	41	4
Basic Chemical and Chemical Product Manufacturing	56	34	-22
Petroleum and Coal Product Manufacturing	10	9	-1
Pulp, Paper and Converted Paper Product Manufacturing	17	3	-14
<b>Total</b>	<b>3762</b>	<b>3246</b>	<b>-516</b>

Source: Census of Population and Housing, Place of Work, ABS 2011 & 2016

**4.2.6. BUSINESS GROWTH**

Table 13 summarises the counts of employing businesses by sectors relevant to industrial land in Mornington Peninsula Shire from 2015 to 2019.

- In 2019, the industrial sector with the highest number of actively trading businesses was Construction (1,757), followed by Manufacturing (339), Wholesale Trade (220) and Transport Postal and Warehousing (180).
- From 2015 to 2019, the number of employing industrial businesses has increased across industrial sectors except for Transport, Postal and Warehousing and Mining.
- There was significant growth in employing construction businesses over the period.
- Majority of employing businesses in industrial sectors are smaller businesses, employing between 1-19 employees (Table 14).

T13. EMPLOYING INDUSTRIAL BUSINESSES – MORNINGTON PENINSULA SHIRE – 2015 TO 2019

Employment Industry	Number of Employing Businesses		Change 2015 to 2019	
	2015	2019	#	AAG (%)
Manufacturing	313	339	26	1.61%
Construction	1,500	1,757	257	3.21%
Wholesale Trade	203	220	17	1.62%
Transport, Postal and Warehousing	211	180	-31	-3.13%
Mining	8	6	-2	-5.59%
Electricity, Gas, Water and Waste Services	22	28	6	4.94%
Other Services	339	348	9	0.53%
<b>Sub-total</b>	<b>2596</b>	<b>2878</b>	<b>282</b>	<b>2.08%</b>

Source: Australian Bureau of Statistics, 8165.0 - Counts of Australian Businesses, including Entries and Exits, Jun 2016 to Jun 2018.

T14. BUSINESSES BY EMPLOYMENT SIZE – MORNINGTON PENINSULA – JUNE 2019

	Count of Businesses by Employment Size 2019 (Change from 2015)			
	Non-employing	1-19 Employees	20-199 Employees	200+ Employees
<b>Industrial Sectors</b>				
Construction	2,462 (+302)	1,738 (+249)	19 (+8)	0
Manufacturing	313 (+44)	314 (+25)	25 (+1)	0
Transport, Postal and Warehousing	387 (+95)	174 (-32)	6 (+1)	0
Wholesale Trade	251 (+48)	209 (+11)	11 (+6)	0
Other Services	318 (+61)	344 (+14)	4 (-5)	0
Electricity, Gas, Water and Waste Services	30 (+3)	25 (+6)	3	0
Mining	15 (+1)	6 (-2)	0	0
<b>Other Relevant Sectors</b>				
Retail Trade	378 (+12)	484 (-1)	40 (+15)	0
Accommodation and Food Services	169 (+28)	388 (+42)	61 (+6)	3 (+3)
<b>Total</b>	<b>9,732 (+1460)</b>	<b>5,770 (+410)</b>	<b>257 (+44)</b>	<b>9 (+6)</b>

Source: Census of Population and Housing, Place of Work, ABS 2016, Counts of Australian Businesses, including Entries and Exits, Jun 2016 to Jun 2018, ABS

**KEY FINDINGS**

- Mornington Peninsula experienced strong population growth between 2011 and 2016, growing at a rate of 2.2% per annum. Forecast population growth is more moderate, with VIF projecting growth at a rate of 1.1% per annum, more than 1% under historical levels. It is anticipated that as the population grows demand for trades and services businesses, warehouses, factoryettes, retail showrooms, storage facilities and light industry will increase.
- Hastings is the largest centre proximate to the study area. VIF forecasts the sub-regional population to increase at a rate of 1.3% per annum.
- The labour force grew at a rate of 1.3% between 2011 and 2016. The profile of the labour force aligns to provision of employment opportunities on industrial land in construction and trades services, manufacturing, tourism/hospitality and retail.
- It is important to ensure adequate local employment opportunities are available to cater to the growing resident labour force to increase job containment, which was 57% in 2016.
- Employment in industry sectors that occupy industrial land grew by 618 jobs between 2011 and 2016, which was primary as a result of increased employment in construction.
- It is likely that the increase in employment in Retail (+179 jobs) and Accommodation and Food Services (+821 jobs) would be in part a result of new development of industrial land.
- Overall employment in the Manufacturing sector declined between 2011 and 2016, however, this was largely as a result of job losses from primary metal manufacturing associated with Western Port Bluescope Steel located within the Port of Hasting SUZ area. There was strong employment growth in food and beverage manufacturing, which is likely a target growth sector for Mornington Peninsula requiring industrial land.
- There was business growth relevant to industrial land between 2015 and 2019, including small employing businesses in construction, manufacturing, other services and wholesale trade.

### 4.3. INDUSTRIAL LAND CONSUMPTION

The following provides an assessment of industrial land consumption based on the review of recent aerial photography and benchmarking results with industrial land supply published in the *Industrial Areas Strategy* (2018).

#### URBAN DEVELOPMENT PROGRAM

The Urban Development Program (UDP) provides an indication of industrial land consumption across Metropolitan Melbourne.

The UDP estimates that between 2015 to 2018, there was an average of 4.5ha of industrial land consumed per annum in Mornington Peninsula Shire, including an average of 3.9ha (2015 to 2016), 3ha (2016 to 2017) and 6.8ha (2017 to 2018). There was a significant increase in consumption in 2017 to 2018, compared to previous years.

#### T15. MORNINGTON PENINSULA INDUSTRIAL LAND CONSUMPTION (UDP)

Local Government Area	2015 to 2016	2016 to 2017	2017 to 2018	Average
Mornington Peninsula	3.9 ha	3.0 ha	6.8 ha	4.5 ha

#### INDUSTRIAL LAND CONSUMPTION 2015-2020

Urban Enterprise has completed an assessment of industrial land consumption to verify historical rates of consumption, published in the UDP (2018) and the Mornington Peninsula Industrial Land Strategy (2018). Land consumption has been estimated drawing on land supply data published in the Mornington Peninsula Industrial and Strategy (2018) (noting that the industrial land supply assessment relates to 2015) and a review of recent aerial photography.

Industrial land consumption in the Mornington Peninsula averaged 6.7ha per annum between 2015 and 2020. Total estimated consumption of industrial land over the five-year period was 30.4ha. Total estimated land consumption for Mornington Peninsula Shire is summarised in Table 16.

#### T16. TRENDS IN INDUSTRIAL LAND OCCUPATION, MORNINGTON PENINSULA 2015-2020

	2015*	2020	Change (No.)	Change (%)	AAG
Total Occupied	239.9ha	270.3ha	+30.4	+12.7%	2.4%
Total Unoccupied	77.9ha	40.4ha	-37.6	-48.2%	
Total No. lots	2,089	2,368	+279	+13.4%	
Total lot area	317.8ha	310.7ha	-	-	
Av. lot size	1,521m <sup>2</sup>	1,306m <sup>2</sup>	-215	-14.1%	
Share of Unoccupied Land	25%	13.1%	-	-	

Source: Urban Enterprise, 2020. \*Note: Land supply figures from 2015 are as reported in the *Mornington Peninsula Industrial Land Strategy* completed by Essential Economics in 2018

Table 17 shows industrial land consumption by industrial precinct between 2015 and 2020, key observations include:

- The industrial precincts that had the highest total consumption over the five-year period include Capel Sound (8ha), Mornington Tyabb Rd (7.6ha) and Hastings (5.9ha).
- The Mornington North and Sorrento industrial precincts appear to have no industrial land supply remaining.
- The Mornington Tyabb Rd, Hastings, Dromana, and Tyabb precincts have less than 10% of unoccupied land supply remaining.
- Consumption was slowest in the Rye and Bittern-Crib Point industrial precincts. Although vacant land remains in these areas, the unoccupied land supply appears to be highly constrained by vegetation.

- In Capel Sound and Somerville, unoccupied land is concentrated in areas that have been recently unlocked for development, with the more established areas of the precincts appearing to be almost fully developed. This includes areas along Henry Wilson Drive in the Capel Sound industrial precinct and the area north of Speedwell Street within the Somerville industrial precinct.
- Industrial land supply and consumption indicators within the study area include:
  - Hastings – industrial land consumed at 1.2ha per annum. Approximately 7.4ha of unoccupied land remains, which is dispersed over a number of sites in various locations.
  - Somerville – industrial land consumed at 0.4ha per annum. Approximately 7.5ha of unoccupied land remains. The bulk of which is within a single parcel of land.
  - Tyabb – industrial land consumed at 0.7ha per annum. Approximately 0.7ha of unoccupied land remain.

**T17. LAND CONSUMPTION BY INDUSTRIAL PRECINCT – 2015 TO 2020**

	Total Occupied Land	Total Unoccupied Land	Total Consumption	Consumption Trend (AAG)	Total No. Lots	Change from 2015
Mornington Tyabb Rd	55.5	5.5	-7.6	-1.5	831	68
Mornington - North	25.8	0.0	-3.1	-0.6	49	-9
Hastings	67.1	7.4	-5.9	-1.2	304	7
Capel Sound	42.7	13.2	-8.0	-1.6	406	154
Somerville	28.3	7.5	-2.0	-0.4	337	56
Dromana	25.3	2.4	-3.6	-0.7	239	21
Bittern - Crib Point	3.3	3.3	0.0	0.0	17	-79
Tyabb	15.9	0.7	-3.3	-0.7	138	73
Rye	4.2	0.4	-0.1	Less than 0.1	35	-1
Sorrento	2.2	0.0	0.0	0.0	12	-11
<b>Total</b>	<b>270.3</b>	<b>40.4</b>	<b>-33.6</b>	<b>-6.7</b>	<b>2368</b>	<b>279</b>

Source: Urban Enterprise, 2020. \*Note: Land consumption trends are based on the supply assessment in the *Mornington Peninsula Industrial Land Strategy* completed by Essential Economics in 2018.

The analysis indicates that land has been consumed at an increased rate over the consumption rates reported in the *Industrial Areas Strategy* (approx. 2.9ha per annum). It is likely that constraints to land supply may have impacted on historical consumption rates. The recent increases in industrial land consumption means that there is likely a more critical need for the creation of new industrial land supply.

**4.4. BUILDING PERMITS**

The Victorian Building Authority (VBA) collects a range of data from building surveyors relating to their building permit functions. Building permit data has been analysed as an indicator of historical demand for industrial land.

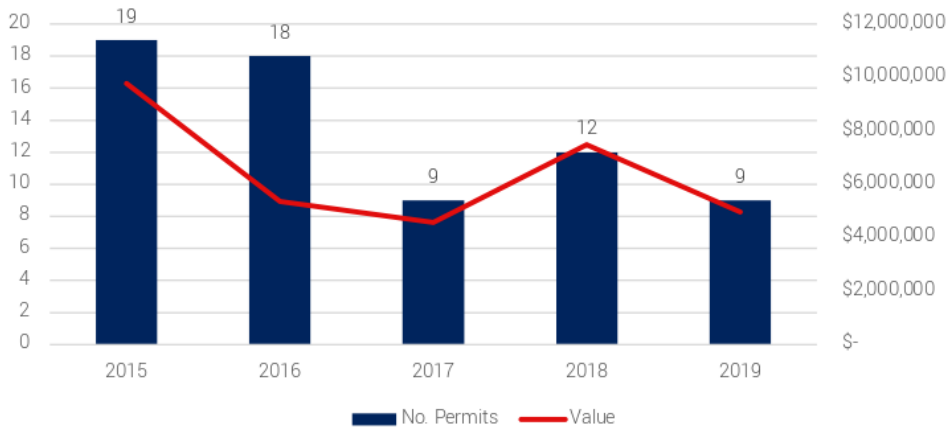
Please note, building permit data for 2019 includes permits granted to June only (ie. 6 months of activity).

**INDUSTRIAL BUILDING APPROVALS**

- Between 2015 and 2018 an average of 14.5 new industrial buildings were approved for construction per annum, totalling 58 new buildings across Mornington Peninsula Shire. There was also 9 permits granted for new industrial development to June 2019.
- As shown in Figure 5, building approval growth peaked in 2015 at 19 new buildings. It followed with a decline in the number of permits in 2016 and 2017, before an increase in 2018. It is likely that industrial land supply constraints contributed to the decline in building approvals in 2016 and 2017, with the unlocking of industrial land for development in the Capel Sound, Tyabb and Somerville industrial precincts contributing to the increase in industrial permits. Further, if the half yearly trend of industrial permits in 2019 continues, the number of new permits granted are likely to reflect results from 2015 and 2016.

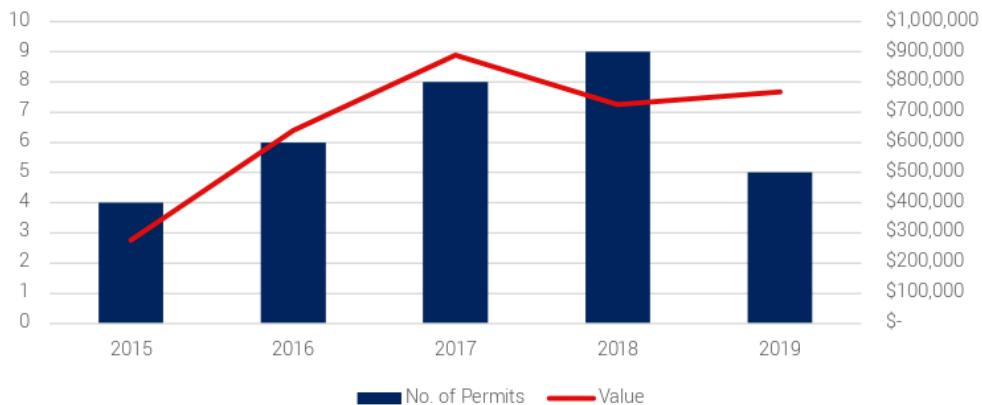
- Over the same period, the value of building alterations and extensions followed an upward trend, totalling at 32 approvals for building alterations and extensions. 29 of these were improvements to factories or processing plants, indicating increasing demand within the sector and reinvestment by existing or new businesses into industrial land.

**F5. INDUSTRIAL BUILDING PERMITS & VALUE – NEW BUILDINGS - 2015 TO 2019**



Source: Mornington Peninsula Shire New Building Permits, Victoria Building Permits, Victoria Building Authority (VBA) 2015 to 2019

**F6. INDUSTRIAL BUILDING PERMITS & VALUE – ALTERATIONS & EXTENSIONS – 2015 TO 2019**



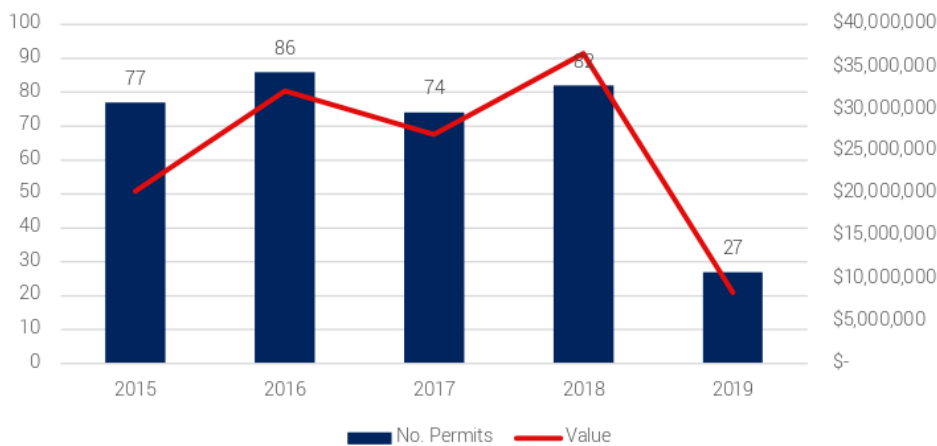
Source: Mornington Peninsula Shire New Building Permits, Victoria Building Permits, Victoria Building Authority (VBA) 2015 to 2019. Note figures includes Alterations and Extensions work types.

**COMMERCIAL BUILDING APPROVALS**

Figure 7 shows commercial building approvals between 2015 and June 2019. Commercial building permits have been analysed due to the high use of industrial precincts for commercial activities.

- Between 2015 and 2018 an average of 80 new commercial buildings were approved for construction per annum, totalling 319 new buildings permits over the same period.
- Commercial building approvals peaked in 2016 at 86 permits, generally following a steady trend from 2015 to 2018.

F7. COMMERCIAL BUILDING PERMIT & VALUE – NEW BUILDINGS – 2015 TO 2019



Source: Mornington Peninsula Shire New Building Permits, Victoria Building Permits, Victoria Building Authority (VBA) 2015 to 2019

4.4.1. COUNCIL PERMIT DATA

Mornington Peninsula Shire provided building permit data to inform the preparation of this report, however, upon review of the data it was not suitable for analysis and reporting relating to this assignment for the following reasons:

- There appears to be significant gaps in the dataset based on our assessment of land consumption through aerial imagery and when benchmarked with VBA permit data for industrial and commercial uses.
- Data was not 'cleaned' and contained a number of permits not relevant to this project.
- Dataset did not provide information regarding the value of industrial developments.

4.5. DISCUSSIONS WITH REAL ESTATE AGENTS

Urban Enterprise undertook consultation with two local real estate agents in Mornington Peninsula Shire who specialise in industrial and commercial real estate and who are privy to the characteristics of the municipality's industrial market and industrial land supply characteristics. Key findings from the consultation include:

- Agents noted that there are significant industrial land supply constraints on the Mornington Peninsula.
- When land becomes available to the market or developed it is consumed at a high rate.
- Demand for land within the industrial 3 zone has been strong.
- The bulk of demand for industrial land is driven by smaller scale businesses across a wide range of industries and this is likely to be the case going forward. There has also been some demand from larger scale businesses looking for sites between 2,000 and 3,000 square metres (such as logistics and/or manufacturing businesses).
- A lack of industrial land supply and constraints on existing land supply in Hastings has likely resulted in reduced levels of industrial building and development in this area.
- Agents noted that areas such as Pakenham and Dandenong are better suited to large scale industrial businesses, rather than areas around Hastings, due to the proximity to Melbourne and transport access.
- A number of existing businesses use industrial land in Hastings area for storage purposes.
- New industrial land in the investigation area would primarily be suited to catering to growth in small businesses, however, consideration should be given to the provision of some larger lots.
- Showroom style uses with smaller lots would be more suited to sites with road frontage/exposure with larger lots located towards the back. Lot sizes could range from 500sqm to 5,000sqm.

**KEY FINDINGS**

- The UDP estimates that between 2015 to 2018, there was an average of 4.5ha of industrial land consumed per annum in Mornington Peninsula Shire. Urban Enterprises more recent assessment estimates that the rate of consumption was approximately 6.7ha per annum.
- Industrial precincts that had the highest total consumption over the five-year period include Capel Sound (8ha), Mornington Tyabb Rd (7.6ha) and Hastings (5.9ha).
- The Morning North and Sorrento industrial precincts appear to have no vacant land supply remaining, whilst Mornington-Tyabb Road, Hastings, Dromana and Tyabb industrial precincts have less than 10% land supply remaining.
- New industrial building approvals peaked in 2015 at 19 new buildings, which was followed by a decline in permits in 2016 and 2017, before an increase in 2018. It is likely that constraints to industrial land supply impacted on the rate of consumption of industrial land over this period as the unlocking of industrial land for development in the Capel Sound, Tyabb and Somerville industrial precincts coincided with an uptick in permits.
- Real estate agents note that there is strong demand for industrial land and a lack of supply across Mornington Peninsula and around the Hastings area. Demand is expected to be primarily generated from a range of businesses requiring smaller lots, however a range of lot sizes should be provided to increase choice to the market and the potential attraction of larger scale businesses.

## 5. FINDINGS

### 5.1. INTRODUCTION

The following provides an overview of the study findings. This includes a summary of the demand for industrial business types, the quantum of industrial land required to meet projected demand, economic site selection considerations and the suitability of sites within the study area.

### 5.2. DEMAND FOR INDUSTRIAL BUSINESS

There are two underlying drivers of future demand for industrial land in the Mornington Peninsula, including:

- Population, business and tourism industry demand; and
- Strategic industrial businesses.

All industrial land on the Mornington Peninsula is within the Industrial 3 Zone. As this zone is flexible in allowing for a diverse range of business types, including commercial and some forms of retail, such as supermarkets there is the potential that higher order commercial uses have been eroding opportunities for more traditional industrial business types. It is important to provide adequate stocks of industrial land to cater to both demand for service and light industrial businesses and strategic industrial businesses.

#### 5.2.1. SERVICE AND LIGHT INDUSTRIAL BUSINESSES

Urban industrial precincts are often characterised by a diverse mix of business types including trades and service industries, light industrial uses, small scale manufacturing, commercial and retail uses (e.g. showrooms, restricted retail). This is due to demand being generated by the local population, local business service needs and the construction sector. The Industrial 3 Zone is flexible in allowing for a diverse mix of business types.

It is expected that demand for these businesses will continue to increase in line with growth in population, housing, tourism and service sectors. Business types include:

- Construction/trades businesses;
- Auto related services;
- Showrooms/restricted retailers;
- Light manufacturing;
- Recreation facilities (e.g. gymnasiums, kids play centres, rock climbing centres);
- Office and factoryettes; and
- Tourism and hospitality (food catering, art, design).

#### 5.2.2. STRATEGIC INDUSTRIAL BUSINESSES

In addition to the demand for service and light industrial businesses generally responding to the needs of the local population, business and tourism industries, there are also strategic opportunities that could be leveraged with the supply of appropriately located and planned industrial land.

There is the potential that a lack of appropriately zoned industrial land and limited provision of larger industrial lots has limited opportunities for business investment in the past. These businesses typically require larger industrial lots and may be more suited to the Industrial 1 Zone or specific land use designations, cater to a large market (often export markets) and generally have greater need for infrastructure and separation from sensitive land uses. Potential business growth opportunities may include:

- **Marine Based Businesses** – Marine businesses in the Mornington Peninsula are currently dispersed across a number of inland industrial precincts as well as in waterside precincts adjacent to harbours and other waterside infrastructure.

The opportunity to develop a dedicated marine industrial business precinct has previously been investigated as part of two studies. It was identified that a dedicated marine business precinct of 50ha would be required to meet the growth needs of the marine industry. Three sites within the Port of Hastings Investigation Area were investigated for the opportunity to establish this precinct. A site on Bungower Road within the Sommerville Investigation Area was identified as a possible location. The site benefits from having an existing marine business seeking to invest and develop the site for a marine related enterprise.

It was not part of the scope of this report to undertake analysis to validate the requirement for a 50ha dedicated marine industry precinct. However, industrial land is important to facilitate ongoing growth in the marine industry sector. Demand could potentially be met through a number of approaches including site specific marine business development, co-location of marine businesses with other compatible industrial businesses (ie. a 'general' industrial precinct) or establishment of a specialised marine industry precinct.

As the identified preferred site for establishment of a marine precinct is not located waterside, it is likely that other inland locations could cater to this demand if displaying appropriate site characteristics (e.g. zoning, lot sizes, proximity to harbour access and arterial road access).

- **Agricultural Processing and Niche Manufacturing** – There is opportunity for the establishment of businesses which add value to agricultural production on the Mornington Peninsula, including relating to viticulture and market gardens, such as processing and distribution or niche food manufacturing businesses.

Industry employment data shows that food and beverage product manufacturing was a key growth sub-sector of the manufacturing industry between 2011 and 2016.

The study area also contains a number of market gardens and farming businesses that could leverage the development of agricultural processing and manufacturing businesses.

- **Port Related Business** – Given the proximity of the study area to the Port of Hastings, there are potentially additional business opportunities that could be captured through the provision of strategic industrial land. As is noted in the *Industrial Areas Strategy* (2018), there are a number of businesses in the Hastings industrial precincts that are reliant or relevant to the Port, including metals trades and manufacturing. There may be opportunity for further growth and expansion of these and new industrial businesses as Port operations expand. However, any further development of the Port is likely a long term prospect and the recent decline in employment related to Western Port Bluescope steel operations suggests that this may be a limited opportunity.

### 5.3. INDUSTRIAL LAND REQUIREMENTS

The *Industrial Areas Strategy* (2018) estimated that an average of 2.9ha of industrial land was consumed per annum on average between 2005 and 2015. It is apparent that industrial land supply constraints may have limited the levels of industrial consumption prior to 2018.

Since 2015, significant areas of industrial land supply were unlocked through infrastructure development and developed soon after becoming available to market. This trend is also reflected in industrial building permit data, which shows an increase in new industrial building approvals in 2018 compared to the two years prior (2017 and 2016).

More recent assessments indicate that the rate of industrial land consumption is higher than the estimate concluded by the Industrial Areas Strategy, at between 4.5 to 6.7ha per annum.

Due to historical supply constraints, it is expected that the higher recent rate of consumption may subside as new supply becomes available and a supply-demand equilibrium is achieved.

It is estimated that there is theoretical supply of 40.4ha of zoned industrial land supply remaining in Mornington Peninsula Shire. Theoretical supply does not account for possible development constraints (e.g. land ownership, environmental constraints etc). Therefore, effective land supply is likely much lower.

If industrial land continues to be consumed at a rate of between 4.5 - 6.7ha per annum, there is estimated to be between 6 and 9 years land supply remaining. As this is theoretical supply, practical supply is expected to be at the lower end of the range.

Council should seek to provide at least 15 years supply of industrial land to ensure that land supply does not inhibit business expansion or establishment and thus employment and economic growth opportunities.

Table 18 provides a range of industrial land requirement scenarios based on consumption and remaining supply. Based on the reasons as stated above, it is estimated that at least 40ha (and potentially up to 60ha) of industrial land is required to meet industrial land supply needs over the next 15 years. This assumes that other areas of industrial precincts will continue to play a role in catering to a diverse range of business types.

It is expected that the bulk of this demand will be generated by service and light industrial businesses, however, there is also opportunity to attract and cater to strategic industrial businesses as noted in Section 5.2.2. Attraction of these and other strategic business types would increase the industrial land requirement beyond the estimated range. Therefore, it may be appropriate to identify a site or sites that have the potential to accommodate a diverse mix of business types as well as provide for opportunities for further expansion over time.

**T18. INDUSTRIAL LAND REQUIREMENT – SCENARIOS**

	Overview	Additional Land Requirement
Scenario 1:	4.5ha* annual consumption with 9 years remaining supply	27ha
Scenario 2:	4.5ha* annual consumption with 6 years remaining supply	40.5ha
Scenario 3:	6.7ha^ annual consumption with 9 years remaining supply	40.2ha
Scenario 4:	6.7ha^ annual consumption with 6 years remaining supply	60.3ha

Source: Urban Enterprise, 2019 | \* Urban Development Program (2018) | ^ Urban Enterprise (2020)

**5.4. SITE CONSIDERATIONS**

**5.4.1. SITE ATTRIBUTES**

Table 19 provides an overview of industrial business opportunities and the typical site attributes/economic considerations that should be considered when selecting a site or sites within the investigation area.

**T19. SITE ATTRIBUTES**

Industrial land Opportunity	Types of Businesses	Site Attributes / Economic Considerations	Lot Types
<b>Service and Light Industrial Businesses</b>			
Service and Light Industrial Businesses	<ul style="list-style-type: none"> <li>Auto-mechanics</li> <li>Gymnasiums</li> <li>Recreation businesses (children’s play centres, rock climbing)</li> <li>Trades services</li> <li>Construction</li> <li>Offices / warehouses</li> </ul>	<ul style="list-style-type: none"> <li>Flat topography</li> <li>Proximate to major population centres/activity centre</li> <li>Access to suitably skilled labour force</li> <li>High quality public realm</li> </ul>	Generally smaller lots (approx. 500 -2,000 sqm)
	<ul style="list-style-type: none"> <li>Restricted retailers/showrooms</li> </ul>	<ul style="list-style-type: none"> <li>Main road exposure and frontage</li> <li>Quality public realm</li> <li>Proximate to major population centres/activity centre</li> <li>Flat topography</li> </ul>	Generally smaller lots (approx. 500 -2,000 sqm)

	<ul style="list-style-type: none"> <li>Breweries/Distillers</li> <li>Leisure and Recreation</li> <li>Specialised manufacturing/artisan trades</li> <li>Workshop spaces and galleries</li> </ul>	<ul style="list-style-type: none"> <li>Proximate to tourism destinations.</li> <li>Proximate to major population centres/activity centres.</li> <li>Quality public realm</li> <li>Access to suitably skilled labour force</li> </ul>	Generally smaller lots (approx. 500 -2,000 sqm)
<b>Strategic Industrial Businesses</b>			
<b>Marine Industrial Businesses</b>	<ul style="list-style-type: none"> <li>Boat building and maintenance</li> <li>Storage</li> <li>Marine equipment manufacture and navigational aids</li> <li>Engineering and R&amp;D</li> </ul>	<ul style="list-style-type: none"> <li>Proximate to water / harbour access</li> <li>Highway/ major arterial road access</li> <li>Flat topography</li> <li>Access to suitably skilled labour force</li> </ul>	Previous reports have identified that existing supply of smaller lots in in Mornington peninsula Shire has presented a constraint to business expansion and development. Therefore, a range of lot sizes would be appropriate including medium to larger lots (e.g. 2,000 - 5,000 sqm+).
<b>Agricultural Processing and Niche Manufacturing</b>	<ul style="list-style-type: none"> <li>Food product manufacturing</li> <li>Distribution</li> <li>Processing</li> </ul>	<ul style="list-style-type: none"> <li>Located close to major road networks (major arterials and freeway access).</li> <li>Located close to producers (e.g. market gardens, farms, vineyards)</li> <li>Flat topography</li> <li>Access to suitably skilled labour force</li> </ul>	Medium to larger lots (e.g. 2,000 - 5,000 sqm+).
<b>Port Related Businesses</b>	<ul style="list-style-type: none"> <li>Expansion of existing or establishment of new businesses related to the Port of Hastings, including leveraging growth of Port operations.</li> </ul>	<ul style="list-style-type: none"> <li>Proximate to the Port.</li> <li>Access to suitably skilled labour force.</li> <li>Flat topography.</li> </ul>	Medium to larger lots (e.g. 2,000 - 5,000 sqm+).

Source: Urban Enterprise, 2020

Site selection should seek to provide opportunities for both service and light industrial businesses as well as strategic business expansion and establishment. These often have differing site requirements and attributes as described in Table 19.

From an economic perspective, the following considerations should be considered in selecting an appropriate site or sites:

1. The ability to service demand for service and light industrial businesses and strategic industrial businesses;
2. A site large enough to cater to these opportunities as well as provide for future expansion opportunities;
3. Consideration of separation from sensitive land uses;
4. Proximity to and access to major infrastructure to support development.

#### 5.4.2. INVESTIGATION AREAS

The investigation area as a whole is likely suitable to cater to both forms of business demand, either through the development of one or multiple sites.

From an economic perspective the Hastings investigation area meets the key economic considerations, as well as provides the following additional benefits:

- Opportunity for co-location with train stabling facilities (if Council is successful in advocating for the electrification of the rail line to Hastings);
- Adjacent to the Port of Hastings;
- Potential to leverage future road transport upgrades as identified in the Port of Hastings Development Plan;
- Potential aviation related development opportunities due to proximity to Tyabb Airport; and
- Road access to both Yaringa Harbour and Western Port Marina (9 minutes and 5 minutes' drive respectively).

The Tyabb investigation area also meets many of the key economic considerations, however, comparatively to Hastings is not the preferred site.

Although the Somerville investigation area does not benefit from the same additional advantages of the Hastings site, there is an existing strategic industrial business which plans to establish a marine based business on this site. The establishment of a marine business provides for clear employment benefits and may potentially support a long term marine business cluster. However, the strategic benefits of this site/precinct are not sufficiently clear to support immediate rezoning as an economic recommendation of this study. Should there be any further consideration of an amendment in relation to such an outcome, then this should be considered by Council independently of this study.

## APPENDICES

### APPENDIX A VACANT LAND SUPPLY

#### Mornington Tyabb Rd Industrial Precinct



#### Mornington North Industrial Precinct



Hastings Industrial Precinct



Capel Sound Industrial Precinct



Somerville Industrial Precinct



Dromana Industrial Precinct



Bittern – Crib Point Industrial Precinct



Tyabb Industrial Precinct



Rye Industrial Precinct

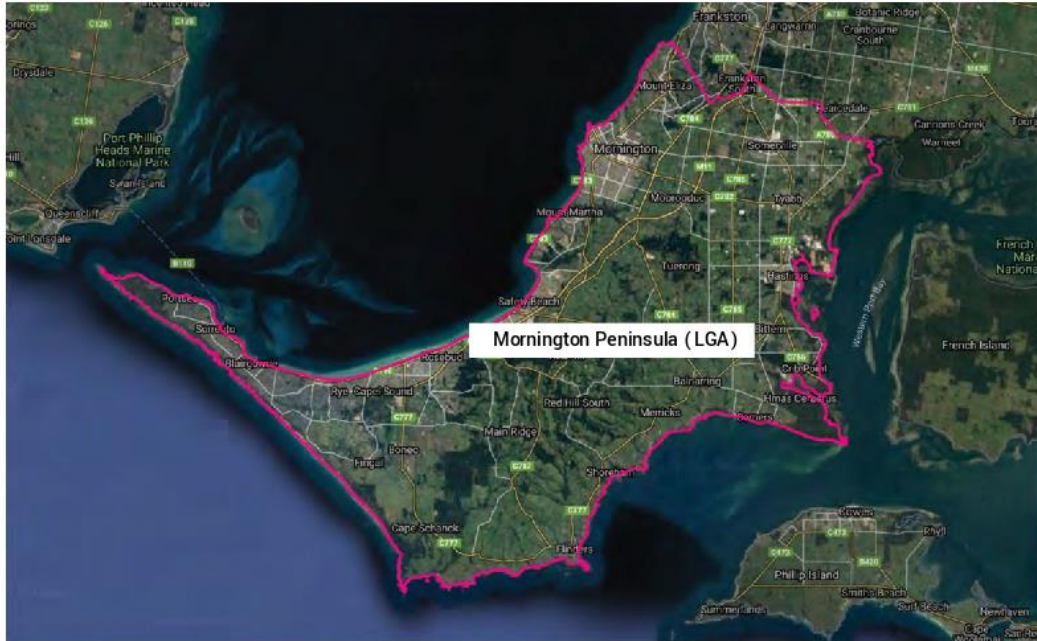


Sorrento Industrial Precinct



APPENDIX C DATA REGIONS

Mornington Peninsula Shire (LGA)



Somerville & Hastings-Somer (SA2)



Tyabb and Hastings (UCL)





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