

LatrobeCity

Morwell Activity Centre Plan

Economic Assessment



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1 Introduction

Latrobe City Council is developing an activity centre plan for the Morwell town centre. The plan is intended to provide guidance for both land use planning and urban design within the central business district of Morwell over the next 15 years.

The Morwell Activity Centre Plan (MACP) aims to plan for and develop a shared vision and to identify the type and scope of change projected over time. The plan will help manage, influence and facilitate change within the Morwell town centre.

This report has been prepared to assist in the understanding of the key drivers of development in the centre and to identify economic opportunities.

This report looks in particular at the supply and demand issues for retail activity, office development and medium density housing. The extent of the study area is illustrated in the figure 1 below.

Figure 1 - Morwell Activity Centre - Study Area



2 Existing situation

2.1 Regional Context

Latrobe City is currently home to approximately 75,561 (2019 ERP) residents and is recognised as one of Victoria’s four Major Regional Cities made up of four central towns: Churchill, Moe-Newborough, Morwell and Traralgon which combined form a networked city. The four central towns are supported by small and district townships. Latrobe City is the population and regional service centre for Gippsland. The municipality extends over 1400 square kilometres and is centrally located in eastern Victoria, approximately 150 kilometres east of Melbourne.

Latrobe City is experiencing a period of economic restructuring associated with the change in traditional employment sectors which support Victoria’s power production including manufacturing and mining. Industry diversification and employment generation are therefore major priorities of Latrobe City and the Gippsland region, drawing on the extensive natural resource base, built infrastructure and local workforce.

Latrobe City is also at the centre of a large forestry industry, which services the largest pulp and paper mill in Australia. Other industries in the area include food processing, retail, engineering, health and post-secondary education. Latrobe City is one of Victoria’s strongest regional economies with a Gross Regional Product (GRP) of approximately \$5.6 billion (2019 data) and a total estimated annual business turnover of \$10.7 billion. Latrobe’s GRP represents 1.2% of Victoria’s Gross State Product.

Figure 2 - Regional Context Map



2.2 Local Context & the role of Morwell Town Centre

Morwell is the central town to Latrobe City and has a population of 13,774 (2016 Census) and is one of three sub-regional retail centres identified in Latrobe City retail centre hierarchy.

To the north of Morwell are the Latrobe River and the foothills of the Great Dividing Range, to the south are the Strzelecki Ranges and Churchill. To the east of Morwell is Traralgon and to the west are Moe and Melbourne.

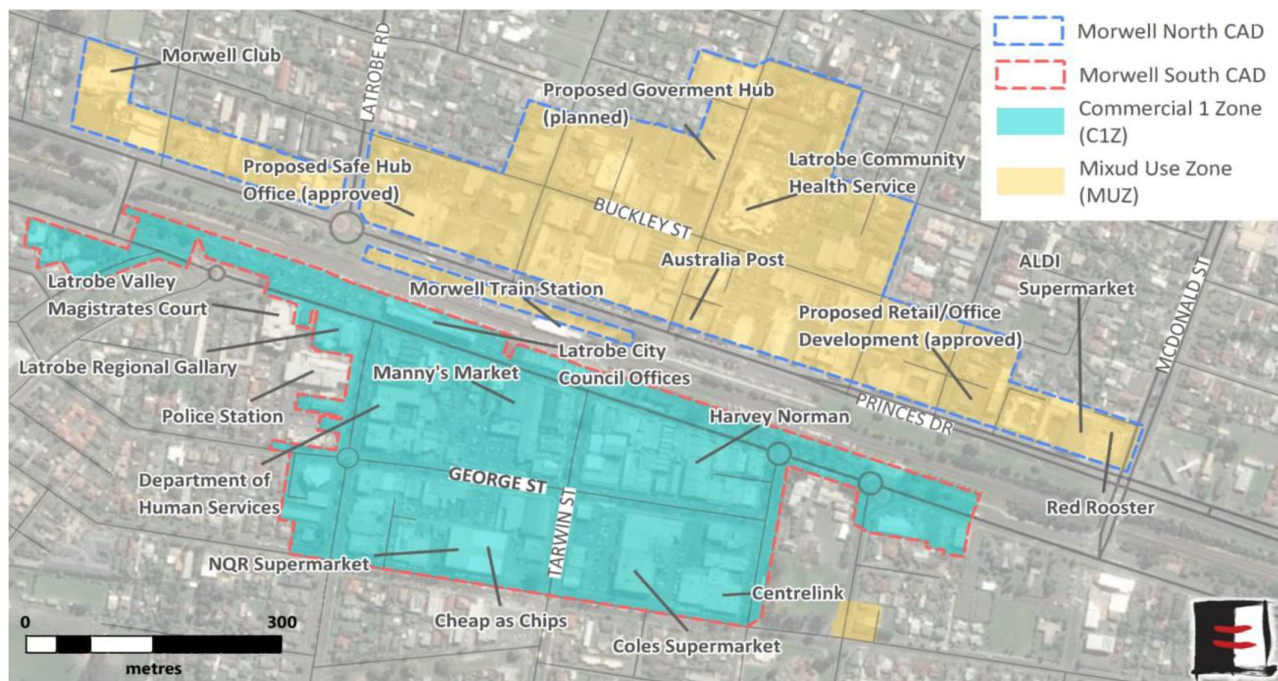
Morwell has two retail centres, the traditional town centre and Mid Valley Shopping Centre to the east. The traditional town centre is the focus of this plan.

The town centre has retained a relative compact shape and has a strong grid pattern of wide streets, with Buckley Street to the North, Chapel Street and Hoyle Street to the east, Elgin Street to the south and Hazelwood Road and Collins Street to the west forming the main boundaries.

The Gippsland regional railway dissects the town centre, effectively dividing the centre into two separate precincts: a northern precinct and a southern precinct (see Figure 2 below). Although the two halves are connected by an underpass, the main retailing centre is located south of the railway line while shops on the northern side cater primarily for office and service business.

The town centre is generally surrounded by residential land to the north, south, east and west. Morwell, combined with Traralgon, is identified as the primary population centre by the Strategic Framework Plan. The majority of new residential estates in Morwell are located to the north, north-west and north-east of the town centre.

Figure 3 - Morwell town centre Zone and Precinct Map



The Morwell town centre contains approximately 50,180m² of shopfront floor space. There is estimated to be 3,648 jobs within the Morwell town centre which accounts for 10.7% of total jobs in the region.

The industry sector with the largest employment is Public Administration & Safety with 1,105 jobs accounting for 30% of jobs within the Morwell town centre and 38.9% of all jobs for the Public Administration & Safety industry sector within the Latrobe region (source: Remplan).

Morwell is considered one of the principle service and employment destinations in Gippsland and performs a number of economic roles including;

- Sub-regional retail centre providing a full-range of convenience retailing serving the surrounding region and workers including multiple supermarkets (Coles and ALDI), café/restaurants/takeaway food and limited range of non-food retailers.
- Major government services focus, including regional offices of local and State Government and the stand-alone Justice Precinct including the Justice Service Centre, Morwell Police Station and the Latrobe Valley Magistrates Court.
- Commercial and employment services, including financial, legal, property and technical services as well as job search and recruitment agencies.
- Large group of health service professionals (general practitioners, dentists, medical specialists, allied and alternative health professionals).
- Education services including early learning centres, primary school and flexible/adult learning centres.

2.3 Morwell town centre issues and opportunities

As part of the *Latrobe City Retail Strategy 2019*, detailed fieldwork, stakeholder engagement workshops and one-on-one interviews with local businesses and government representatives (undertaken in October 2018) were undertaken. Issues and opportunities associated with Latrobe City's retail and activity centres were identified and discussed during consultations.

Centre Profiles were then developed providing a high-level overview of existing retail centres. This overview included the identified issues or opportunities of relevance.

Identified issues or opportunities of relevance to the Morwell town centre include:

Centre issues

- Rail line severance contributes to a disjointed CBD area comprising two separate precincts.
- Extremely high level of shopfront vacancy (29.9%) and some derelict buildings in the northern precinct detract from this area as a place to visit/invest.
- Quality of the urban environment is poor in parts – particularly within the northern precinct.
- Lack of food catering and entertainment options open during the evening hours contributes to limited activity in the evening.
- Morwell township has experienced limited population growth in recent years, this trend of limited growth is forecast to continue.

Centre opportunities

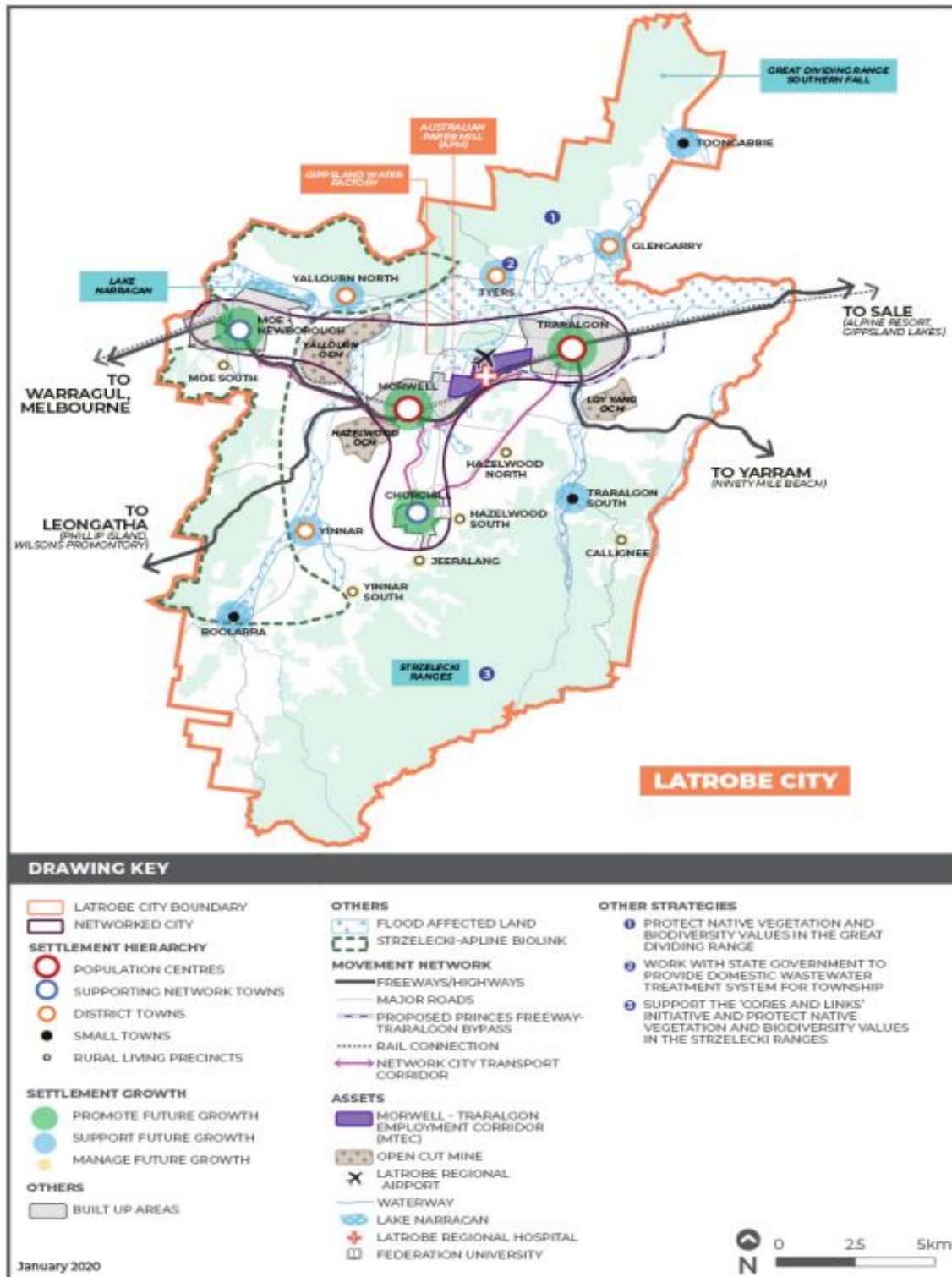
- Leverage spending from planned office developments (e.g. Gov Hub) to improve the quality of the retail offer in the northern precinct.
- Activation of vacant shopfront tenancies in the short term via use as community displays.
- Lower rents provide opportunities for local entrepreneurship.
- Potential to leverage future industrial development in the region and perform a business service role.
- Encourage residential development in Morwell, including increased density in proximity to the CBD to support local retailers.
- Improvements to the quality of the building stock by encouraging new investment and the redevelopment of derelict buildings.
- Encourage greater vibrancy and on-street activity at night.
- Implement the recommendations of the Future Morwell/Future Latrobe Valley Revitalisation Plan including the proposed Morwell Circuit Development.

3 Strategic Policy Context

The Planning Policy Framework (PPF) provides guidance on the design and development of activity centres, while numerous strategic documents identify future long-term opportunities for new centres. In particular, Clauses 02.03, 02.04 and 11.03-1L of the Latrobe Planning Scheme outline a series of objectives and strategies associated with the location of retail activities, the establishment of a network of activity centres to cater for the needs of the community, and the need to facilitate the growth of Morwell, Moe, Traralgon and Churchill Town Centres.

The Strategic Framework Plan (Clause 02.04 LPP) identifies that Morwell and Traralgon combined as the Primary Population Centre, which together will provide the focus for housing and commercial growth in the future. An overarching vision for Morwell is to support its function as one of the region's key commercial and government office centres.

Figure 4 - Latrobe City Strategic Framework Plan



Major industry is located in and around Morwell, with significant opportunity to locate large format heavy industries to the south of the Princess Highway. Industrial zoned land to the east of the township has access to infrastructure and services which support the establishment of higher-level research, manufacturing, food processing and specialist service industry and transport/distribution capabilities.

The *Victorian Budget 2021/22* has just announced \$10 million for the Morwell Food Manufacturing Precinct to enable the centre to manage greater water and energy demands – creating the conditions for businesses to invest with confidence and boosting employment opportunities for locals. The investment will further strengthen Gippsland's \$7 billion food and fibre sector and continue to support the long-term prosperity of the region as its economy diversifies.

Transport corridors form a key element of the Strategic Framework Plan. The Moe-Morwell, Traralgon-Churchill, Morwell-Churchill, and Morwell-Traralgon corridors facilitate the movement of people and goods within the municipality. The Princess Highway and Gippsland Rail line provide key connections to Melbourne and interstate.

The Morwell – Maryvale corridor is the focus for heavy and large format industrial and commercial investment and development. Whilst the Morwell - Traralgon corridor will provide for residential, commercial and industrial development. A strategic employment area is identified around the Latrobe Regional Airport and Latrobe Regional Hospital.

The *Morwell Structure Plan* (Clause 20.09-5 LP) identifies Morwell as part of Gippsland's regional city under the *Gippsland Regional Growth Plan* where urban and population growth and regional infrastructure and service investment are encouraged.

New retail, office and residential mixed-use developments are encouraged within the Morwell Primary Activity Centre (MTSP Area 3) and Mid-Valley (MTSP Area 5). Any development outside of these areas is discouraged. Restricted retailing is encouraged outside of the Morwell Primary Activity Centre (MTSP Area 5 & 10). Aligning with State Planning Policy out-of-centre developments are discouraged unless the proposed use or development is of net community benefit to the community in the region served.

Higher density housing is encouraged within the Transit City Precinct and Activity Centres and should be facilitated in accordance with the Morwell Housing Framework Plan.

The *Latrobe City Council Retail Strategy 2019* provided the strategic basis to coordinate the future planning and development of the municipality's retail sector and activity centres. Amendment C119 implemented the recommendations of the *Latrobe City Council Retail Strategy 2019*, which included the formalisation of a retail centre hierarchy for the municipality. Through this process Morwell was identified as a sub-regional retail centre. This along with existing policy provides a comprehensive strategic basis to inform the future planning and development of the Morwell town centre.

4 Latrobe City Retail Centre Hierarchy

Typically, retailing is the key driver of activity in centres and – while the *Latrobe City Council Retail Strategy 2019* had a particular focus on ‘retailing’ – it is acknowledged that activity centres have emerged over-time to now support a diverse mix of facilities and services, ranging from retail and commerce to civic, community, entertainment and recreational activities.

In developing the Latrobe City retail centre hierarchy, consideration was given to the current retail role performed by centres, while also acknowledging the broader non-retail roles which can vary between centres. It also specifically took into consideration the centre’s size in terms of retail floorspace, the presence (or otherwise) of major retail tenants such as supermarkets and discount department stores, and overall mix of tenants.

Also, of importance to the retail centre hierarchy, is the overarching policy aspiration that Latrobe City’s major towns of Traralgon, Morwell, Moe-Newborough and Churchill to function as a single ‘networked city’ – a description which speaks to the Latrobe City’s unique settlement structure of four major towns situated in relative proximity. Accordingly, in identifying Latrobe City’s retail centre hierarchy, a key consideration was the nature in which the major towns (aforementioned) provide complementary services that contribute to a cohesive higher order retail offer at the regional level.

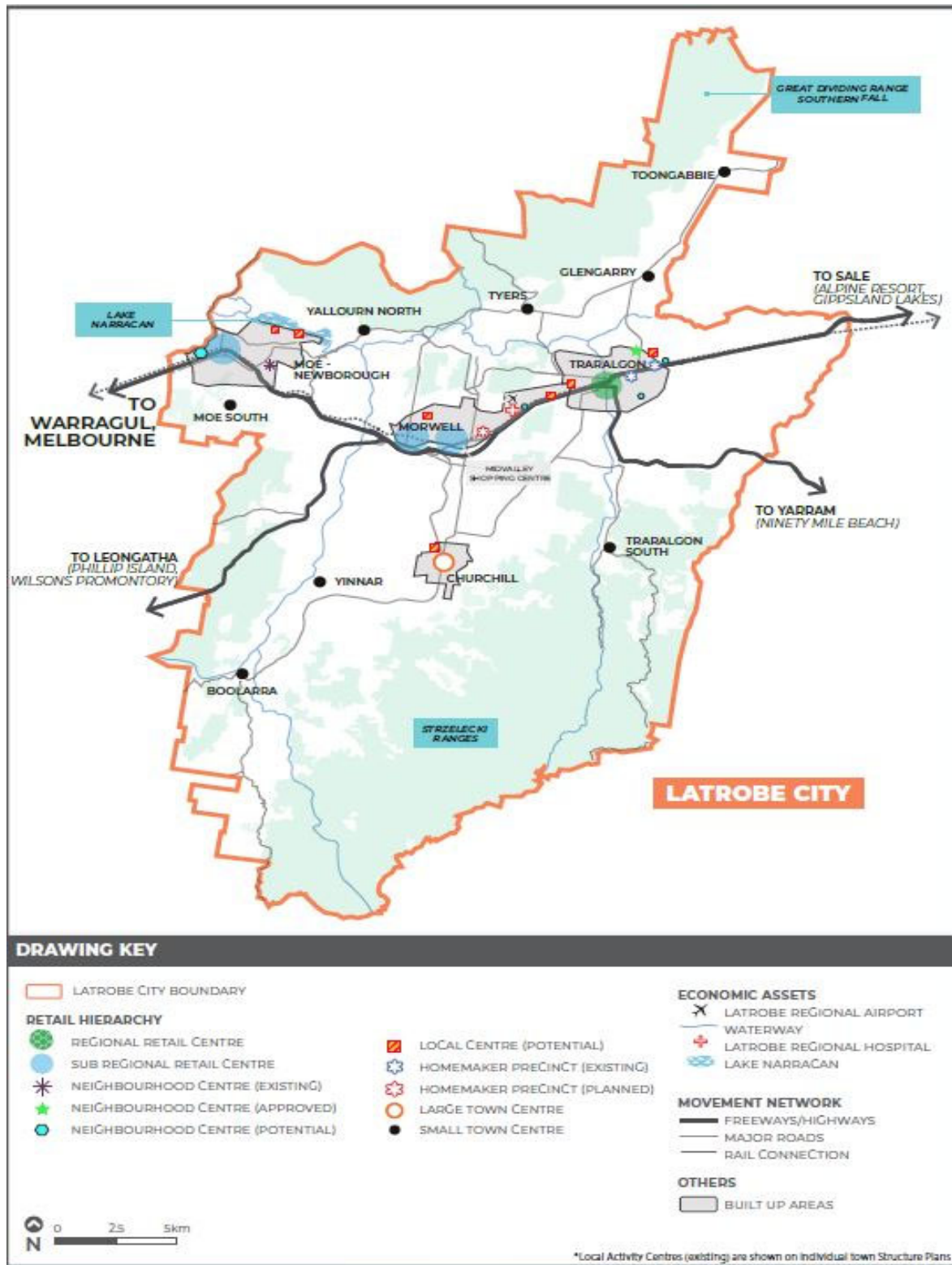
Furthermore, the retail centre hierarchy takes into consideration existing centres and those that have either been approved or identified in key strategic planning documents. The Latrobe City retail centre hierarchy includes the following categories:

1. Regional Retail Centre;
2. Sub-Regional Retail Centres;
3. Large Town Centre;
4. Small Town Centre;
5. Local Centres: Numerous existing and potential; and
6. Homemaker Precincts.

Morwell’s role as a sub-regional retail centre ensures it continues to serve a broad region and provide a range of convenience and comparison-shopping facilities as well as a range of non-retail uses.

(see Figure 5 below for a map of the Latrobe City retail centre hierarchy).

Figure 5 - Latrobe City Retail Centre Hierarchy



5 Retail Supply and Demand

A retail floorspace and shopfront survey of centres in Latrobe City was undertaken by Essential Economics in October 2018 as part of the *Latrobe City Council Retail Strategy 2019*. This 'street level' data was complemented by a range of industry sources in order to estimate the total retail floorspace provision.

5.1 Existing Retail Floorspace

In total, the Morwell town centre has approximately 50,180m² of shopfront floorspace in the centre comprising occupied retail (31,280m² or 62%), office shopfront (10,700m² or 21%) and vacant shopfront (8,200 or 16%). Major retailers in the centre include Coles, ALDI, Harvey Norman and Cheap as Chips. A summary of the existing retail floorspace within the Morwell town centre is shown in Table 1 below.

Note: Office shopfront does not include dedicated offices, (such as the Council Office building), as these spaces cannot be reconfigured appropriately to accommodate retail).

Table 1 - Morwell town centre, Shopfront Floorspace

Category	Morwell CBD North	Morwell CBD South	Total
FLG	2,400m ²	7,150m ²	9,550m ²
Food Catering	1,940m ²	3,280m ²	5,220m ²
Non-Food	3,430m ²	13,080m ²	16,510m ²
Total Occupied Retail	7,770m²	23,510m²	31,280m²
Shopfront Office	4,170m ²	6,530m ²	10,700m ²
Total Occupied Shopfront	11,940m²	30,040m²	41,980m²
Vacant Shopfront	5,100m ²	3,100m ²	8,200m ²
Total Shopfront Floorspace	17,040m²	33,140m²	50,180m²
Vacant Shopfront Rate %	29.9%	9.4%	16.3%

Source: Essential Economics Retail Floorspace Survey (October 2018)

5.2 Occupied Retail Floorspace

The 31,280m² of occupied retail floorspace within the Morwell town centre is split between the two precincts; around 75% is located within the southern precinct, with the balance (25%) accommodated in the northern precinct.

A summary of the occupied retail floorspace within the Morwell town centre is shown in Table 2 below.

Table 2 - Summary of Occupied Retail floorspace (Morwell town centre)

Area	Food Liquor Groceries (FLG)	Food Catering	Non-Food	Total Occupied Retail	Share of Total Retail Floorspace
Morwell town centre	9,550	5,220	16,510	31,280	13.8%

Source: Essential Economics Retail Floorspace Survey (October 2018)

5.3 Vacant Retail Floorspace

Latrobe City's shopfront vacancy rate is estimated to be 10.8% of floorspace (October 2018). This vacancy rate was above the broad vacancy level desired for a large regional retail network such as Latrobe City. As a point of reference, a vacancy rate of 5-7% generally reflects a relatively strong performing main-street type retail centre. In contrast, free-standing shopping malls under one roof tend to have minimal vacancies as they are in single ownership and centrally-managed.

Vacant retail shopfront tenancies in the Morwell town centre were noted during the retail floorspace survey (October 2018) and are shown in Table 3 below.

Table 3 – Summary of Retail Vacancy Rate (Morwell CBD)

Area	Total Occupied Shopfront (m2)	Vacant Shopfront (m2)	Total Available Retail Floorspace (m2)	Shopfront Vacant Rate
Morwell town centre	41,980	8,200	50,180	16.3%

Source: Essential Economics Retail Floorspace Survey (October 2018)

In summary the Morwell town centre had a vacancy rate of 16.3% which includes a high 29.9% vacancy rate for shopfronts located to the north of the railway line. Areas of the town centre to the south of the railway line have a lower vacancy rate of 9.4%.

5.4 Retail Sales

In 2018, activity centres in Latrobe City achieved total retail sales estimated at approximately \$1,163m, representing an average trading level of approximately \$5,120/m² (expressed in 2018 dollars and inclusive of GST - source *Latrobe City Council Retail Strategy 2019*). Accounting for a share of retail spending escaping to other centres and a share of sales captured from visitors to Latrobe City, the municipality's retailers are estimated to capture a retail market share of 81%. That is, of total retail spending by Latrobe City residents, 81 cents in every dollar is spent at local shops.

This is a relatively high market share for a regional area, which indicates residents are reasonably well-served by retail facilities in the municipality. As a result, future increases in retail performance and retail development opportunities are likely to be primarily informed by local population and visitor growth.

The annual expenditure for the Morwell Region between July 2018 and June 2021 financial years is shown in the table 4 and figures 6 and 7 below. The data has been broken down into expenditure type and expenditure category. *Note: Data excludes online spending as it can't be accurately located. In addition, spending figures could not be broken down into Morwell town centre alone.*

Expenditure type definitions:

1. **Resident Local Spend** (which refers to expenditure from resident of Morwell and local businesses inside LGA).
2. **Internal Visitor Local Spend** (which refers to expenditure from residents of one town within LGA who visit another town within LGA to make a transaction).
3. **External Visitor Local Spend** (which refers to expenditure from residents outside LGA who visit our LGA to make a transaction).

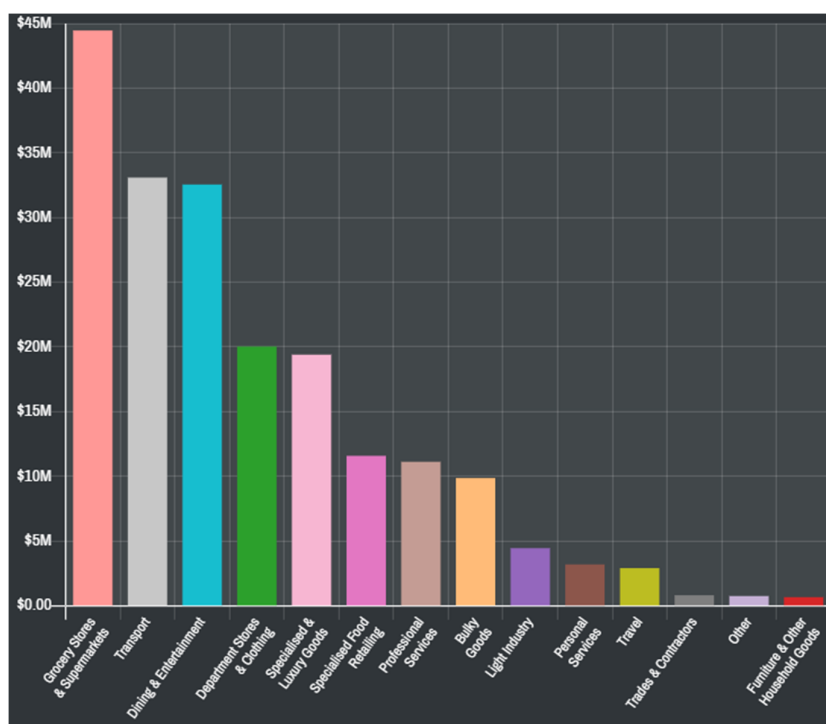
Table 4 - Annual Expenditure by Type – 2018-2021 (Morwell Region)

Financial Year	Resident Local Spend	Internal Visitor Local Spend	External Visitor Local Spend	Total Annual Expenditure
2018/2019	\$65.59m	\$80.81m	\$47.97m	\$194.37m
2019/2020	\$76.29m	\$87.47	\$44.61m	\$208.37m
2020/2021	\$87.74m	\$100.88m	\$55.28m	\$243.9m
Total Morwell Region	\$229.62m	\$269.16m	\$147.86m	\$646.64m

Data source: spendmap.com.au

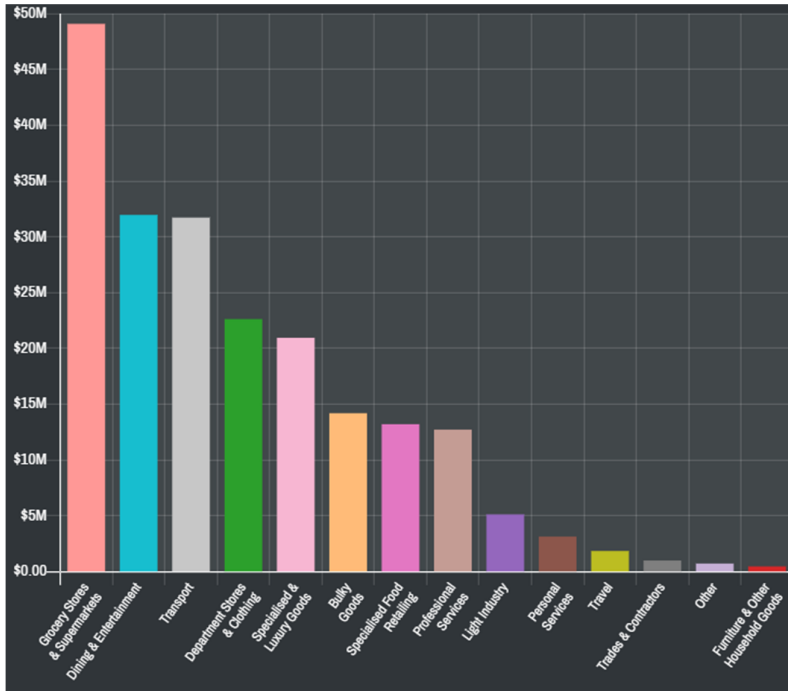
In summary the Morwell Region (between 2018 and 2021) captured approx. 19% of the total local sales within the LGA. In addition, over the last two years, the spending trend for total local spend has been upwards, this is predicted to continue.

Figure 6 - Expenditure by Category – 2018/2019 (Morwell Region)



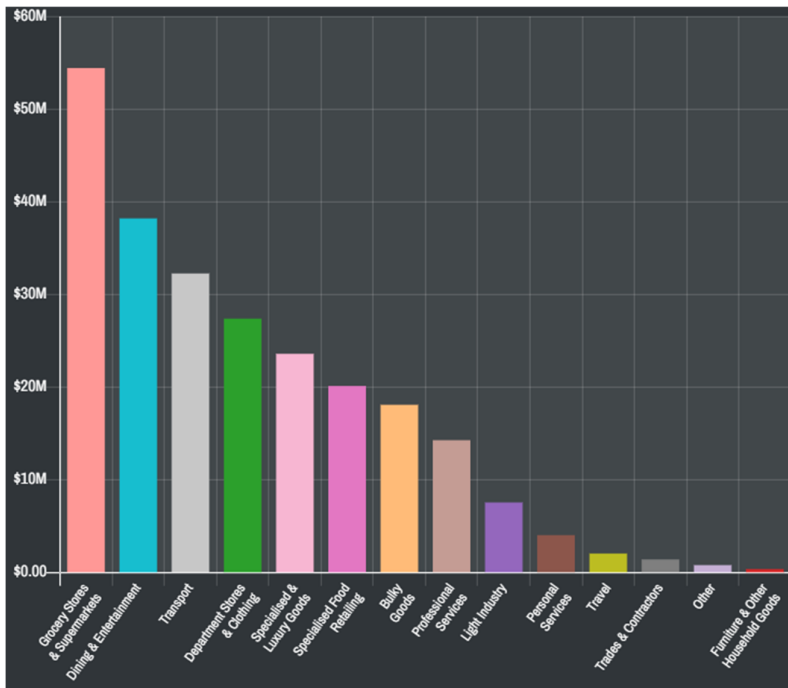
Data source: spendmap.com.au

Figure 7 - Expenditure by Category – 2019/2020 (Morwell Region)



Data source: spendmap.com.au

Figure 8 - Expenditure by Category - 2020/2021 (Morwell Region)



Data source: spendmap.com.au

5.5 Escape Expenditure

Escape expenditure (also called expenditure leakage) refers to expenditure transactions made by cardholders generally outside of their municipality of residence. While a degree of escape expenditure is inevitable, in some places, particularly peri-urban and rural councils, it can amount to a significant economic loss.

In this case we have included escape expenditure from the following two types of escape expenditure:

1. **Resident Internal Escape** (which refers to expenditure from resident of Morwell who visit another town within Latrobe to make a transaction).
2. **Resident External Escape** (which refers to expenditure from Morwell resident who visit another town outside of Latrobe to make a transaction).

The annual escape expenditure for the Morwell Region between 2018 and 2021 is summarised in table 5 and figures 9-14 below.

Table 5 - Annual Escape Expenditure by Category – 2018-2021 (Morwell Region)

Financial Year	Resident Internal Escape	Resident External Escape	Total Escape Expenditure
2018-2019	\$26.63m	\$25.49m	\$52.12m
2019/2020	\$30.11m	\$26.64m	\$56.75m
2020/2021	\$39m	\$30.10m	\$69.10m
Total Morwell Region	\$95.74m	\$82.23m	\$177.97m

Data source: spendmap.com.au

Internal Escape

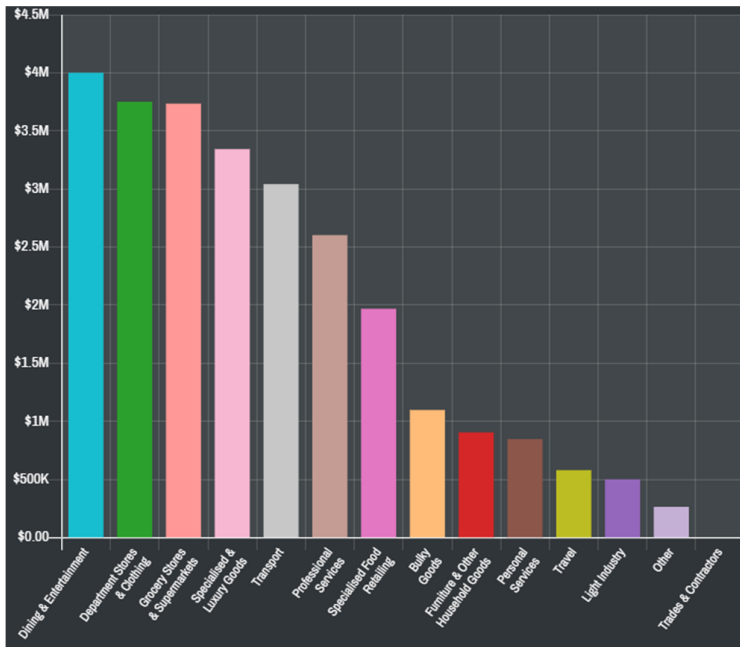
Internal escape accounts for approx. 53% of the total escape expenditure for the Morwell region between 2018 and 2021. The majority of internal escape expenditure is going to Traralgon, followed by Moe and Churchill.

Internal escape is not necessarily a negative in an overall sense given the policy aspiration for the City's major towns of Traralgon, Morwell, Moe-Newborough and Churchill to function as a single 'networked city'. Under this approach, the major towns (aforementioned) provide complementary facilities and services that contribute to a cohesive, higher-order service offer at the regional level.

The top five internal escape categories between 2018 and 2021 were:

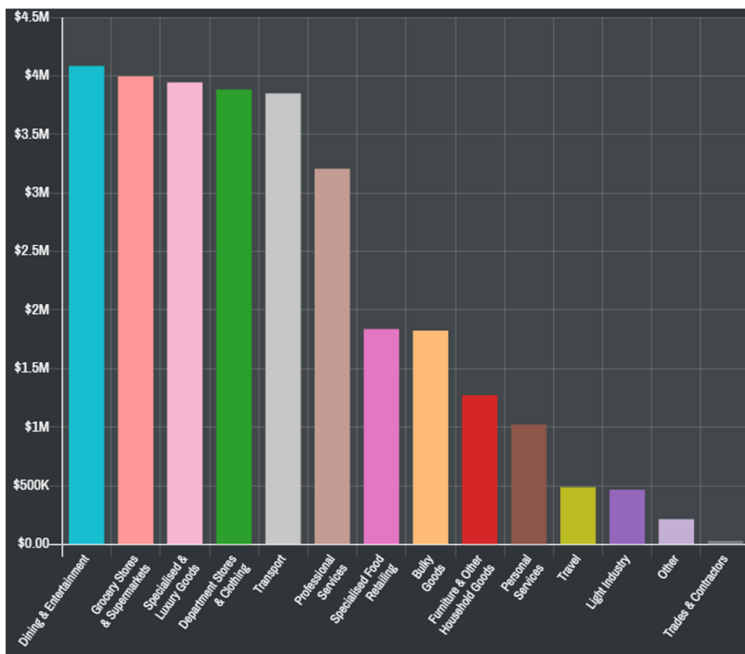
1. Dining & Entertainment
2. Grocery Stores and Supermarkets
3. Department Store & Clothing
4. Specialised & Luxury Goods
5. Transport

Figure 9 - Resident Internal Escape Spend by Category – 2018/2019 (Morwell Region)



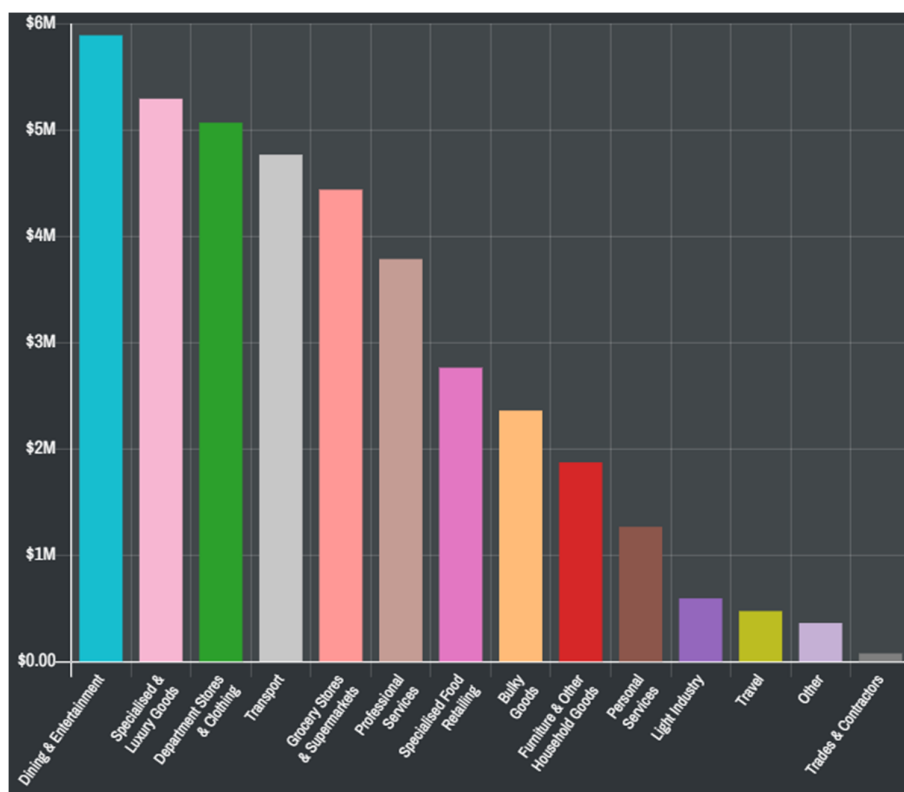
Data source: spendmap.com.au

Figure 10 - Resident Internal Escape Spend by Category – 2019/2020 (Morwell Region)



Data source: spendmap.com.au

Figure 11 - Resident Internal Escape Spend by Category – 2020/2021 (Morwell Region)



It is of no real surprise that dining and entertainment ranked number 1 for internal escape given the identified limited presence of late-night traders in the Morwell town centre. Night time economy is important for every town centre; supporting on street activity at night and providing after hours opportunities for retailers and other service providers. This may involve events, street-fairs, pop-up bars, and other hospitality and entertainment features.

To provide some context around the internal escape data we have compared the data against how much the locals are spending within their own suburb during the same time period on the top 5 spend categories, see table 6 below. In summary approx. 65% of all resident spending stays within the Morwell region.

Table 6 – Resident Internal Spend Versus Resident Local Spend – 2018-2021 (Morwell Region)

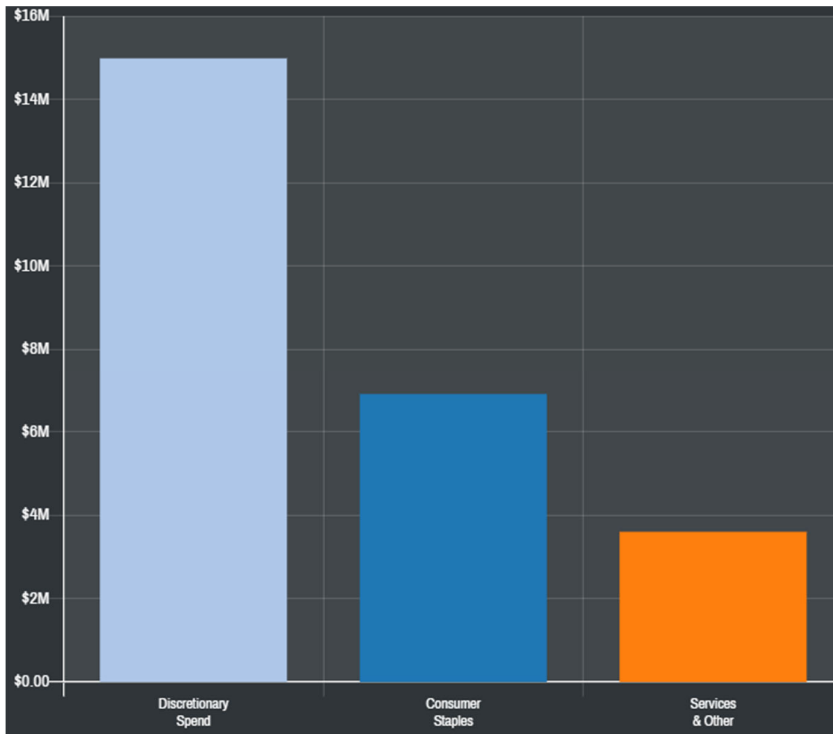
Spend Category	Resident Internal Escape	Resident Local Spend
Dining & Entertainment	\$14.8m	\$37.3m
Grocery /Supermarkets	\$12.9m	\$88.5m
Department Store & Clothing	\$13.3m	\$19.5m
Specialised & Luxury Goods	\$13.4m	\$20.6m
Transport	\$12.3m	\$26.9m
Total Morwell Region	\$66.7m	\$192.8m

External Escape

External escape accounts for approx. 47% of total escape expenditure for the Morwell region between 2018 and 2021. The majority of external escape expenditure is going to Warragul.

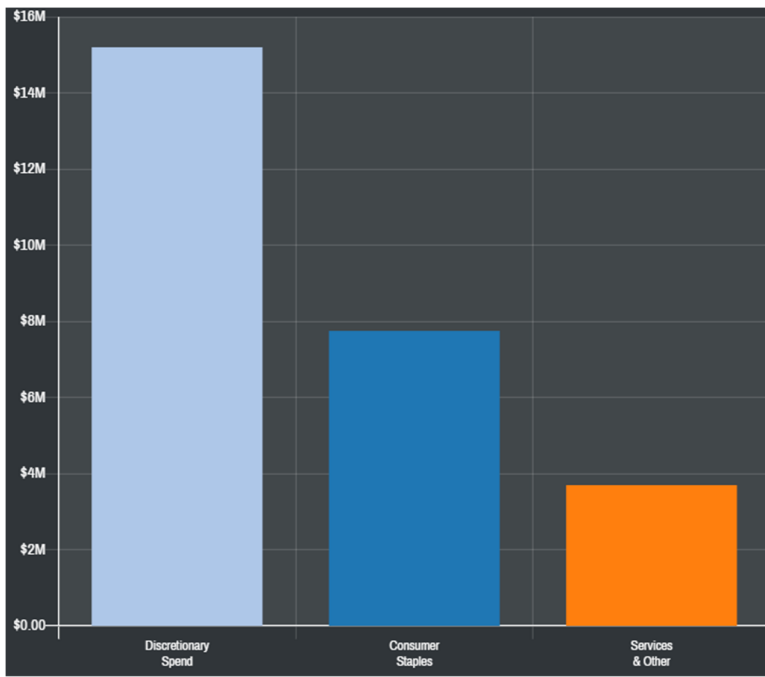
The top external escape spend category between 2018 and 2021 was the Discretionary Spend totaling \$40.8m.

Figure 12 - Resident External Escape Spend by Category – 2018/2019 (Morwell Region)



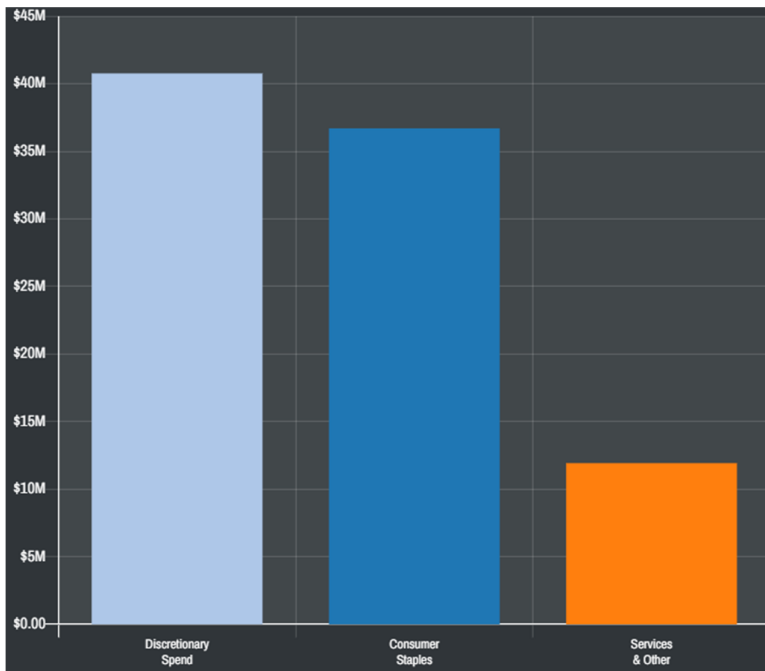
Data source: spendmap.com.au

Figure 13 - Resident External Escape Spend by Category – 2019/2020 (Morwell Region)



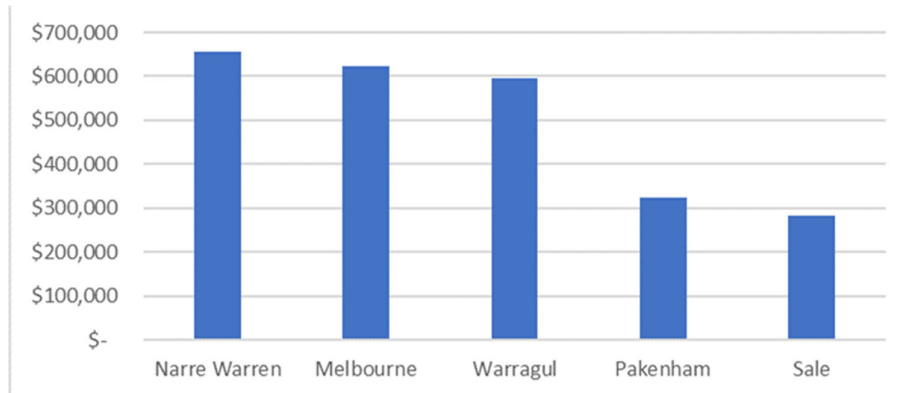
Data source: spendmap.com.au

Figure 14 - Resident External Escape Spend by Category – 2020/2021 (Morwell Region)



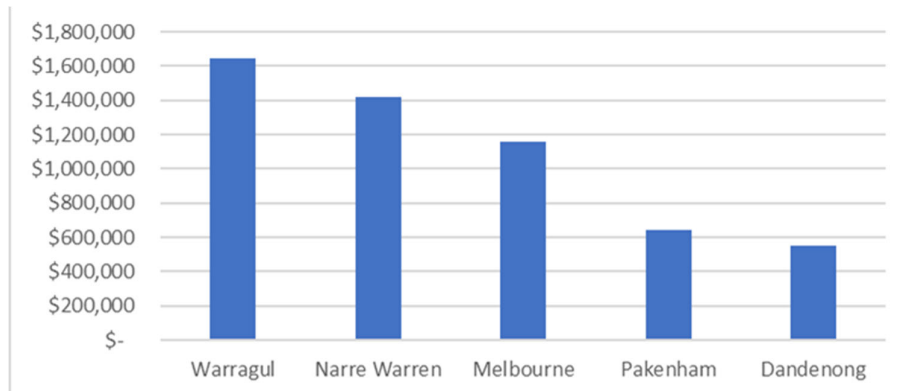
Data source: spendmap.com.au

Figure 15 - Top 5 External Escape Spend Geographies (2018)



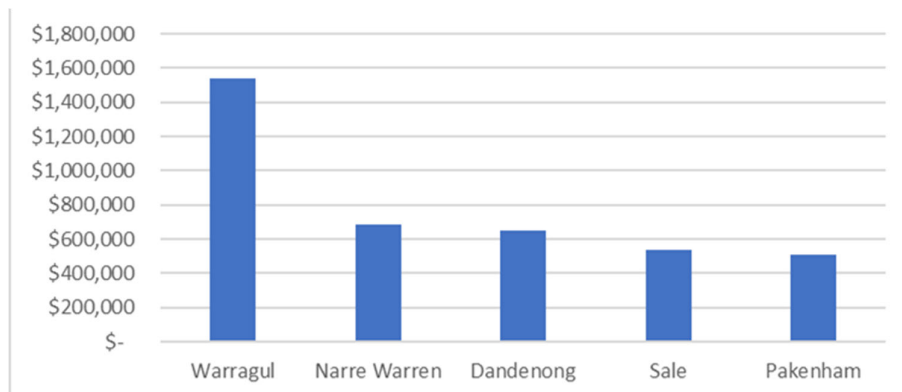
Data source: spendmap.com.au

Figure 16 - Top 5 External Escape Spend Geographies (2019)



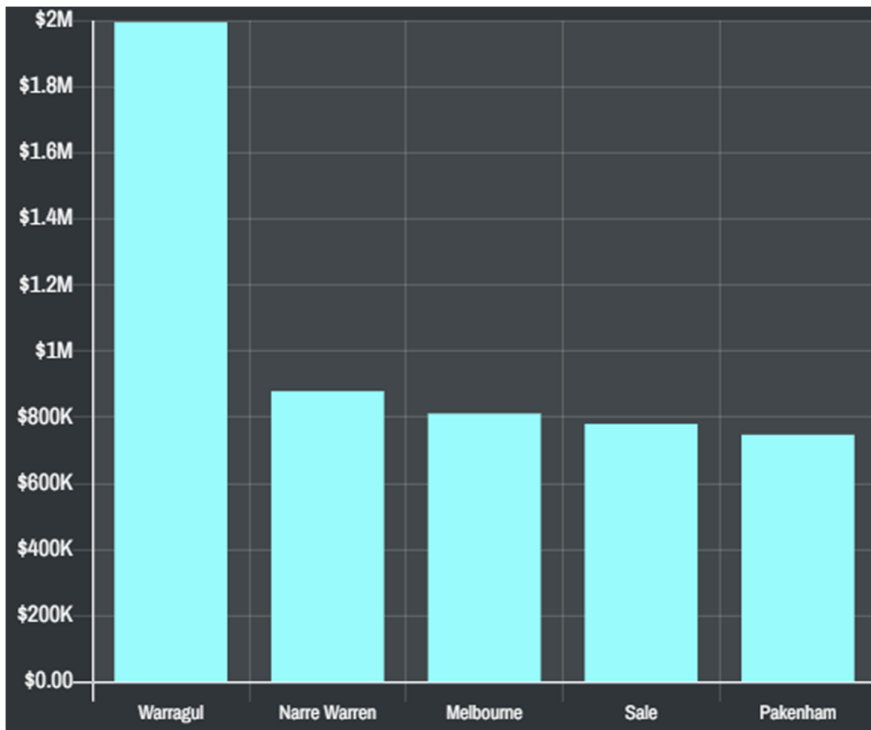
Data source: spendmap.com.au

Figure 17 - Top 5 External Escape Spend Geographies (2020)



Data source: spendmap.com.au

Figure 18 - Top External Escape Spend Geographies (2021)



Data source: spendmap.com.au

We can measure ‘headroom’ for supporting more local businesses by comparing resident escape expenditure against the resident local spend for the Morwell region (in the same category and for the same time period). *Note: Does not include online spending as location of spend cannot be determined.*

Table 7 – External Escape Spend Versus Resident Local Spend 2018/2019 (Morwell Region)

	Resident External Escape	Resident Local Spend
Discretionary	\$13.6m	\$24.33m
Consumer Staples	\$11.7m	\$42.93m
Services & Other	\$4.18m	\$4.48m
Total Morwell Region	\$29.48m	\$72.74m

Data source: spendmap.com.au

Table 8 -External Escape Spend Versus Resident Local Spend 2019/2020 (Morwell Region)

Spend Category	Resident External Escape	Resident Local Spend
Discretionary	\$13.5	\$26m
Consumer Staples	\$12.5m	\$51.9m
Services & Other	\$3.8m	\$4.2m
Total Morwell Region	\$29.8m	\$82.1m

Data source: spendmap.com.au

Table 9 - External Escape Spend Versus Local Spend 2020/2021 (Morwell Region)

Spend Category	Resident External Escape	Resident Local Spend
Discretionary	\$13.7m	\$28.3m
Consumer Staples	\$12.5m	\$54.4m
Services & Other	\$3.9m	\$4.9m
Total Morwell Region	\$30.1m	\$87.6m

Data source: spendmap.com.au

In summary over the last three years approx. \$89m of expenditure has been escaping the Morwell region. Of this approx. \$40m via the Discretionary spend category (items such as Dining & Entertainment, Department Stores & Retail, Specialised & Luxury Goods and Travel), \$36m via the Consumer Staples (items such as Food, Bulky Goods, Household Goods, Light Industry, Trades & Contractors, Transport and Specialised Food Retailing) and \$11m via Services and Other. As such the Discretionary spend category has the most 'headroom' to support additional local businesses.

Resident external escape has remained relatively stable over the past three years, whilst resident local spending has increased by just over \$14m.

What's interesting to note is that although the Discretionary spend category has the highest dollar amount of escape expenditure over the last two years, it is the Services & Other spend category that residents are technically seeking the most (based on percentages) from outside the LGA, with almost every dollar spent inside the LGA a dollar is spent outside the LGA. So, whilst this is not a huge external escape from a dollar perspective it is clearly a gap in the market and services provided to the broader community.

Note: Services and Other is an amalgamation of Professional Services, Personal Services and Other expenditure. It includes cleaning services, dry cleaners, shoe repairs, health and beauty spas, massage parlours, barbers, funeral parlours, medical and allied health services, accounting and legal services, educational services and IT. It also included miscellaneous merchants such as money exchanges, government-owned lotteries outlets and religious organisations.

5.6 Online Spending

As identified in the *Latrobe City Retail Strategy 2019* continued growth in the use of the internet and technology in the retail sector is reducing the sales captured by traditional bricks and mortar outlets and influencing the type of products offered by traditional retailers and their business models.

Various industry sources (NAB Online Retail Sales Index, July 2018; Australia Post Inside Australian Online Shopping, 2018) indicate approximately 8% of Australian retail spending is currently directed online and this share is expected to increase to around 15% over the coming decade.

The impact on bricks and mortar retail can be considerable: in some instances, shops and malls are experiencing a loss of visitation and sales, with some retailers and jobs disappearing. This is particularly true in many non-food retail categories such as apparel, jewellery and giftware.

The retail component that appears to be an exception to the negative impact of online retail is the food sector, grocery shopping. Although in-store innovations associated with check-outs and automatic payments are changing the way people shop at supermarkets.

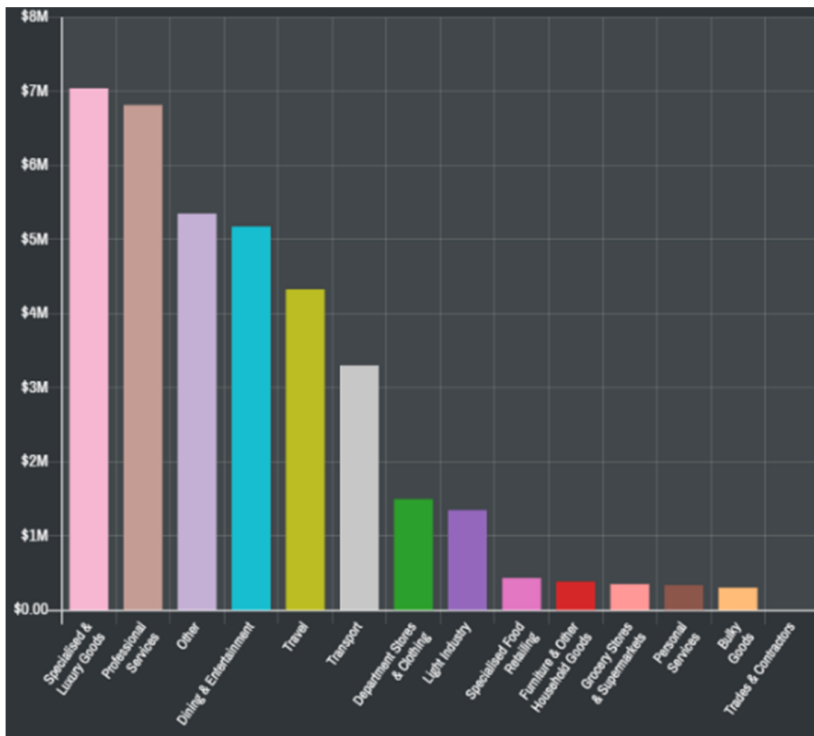
Table 10 and Figures 19-21 below summarise the annual resident online spend (Morwell resident and local businesses) for the Morwell region. It should be noted that the available data for online spending has its limitations, unfortunately, online spending can't be located, there's no way for us (or the banks) to determine exactly where this purchase is going. So, while online spend will often be escaping the LGA, we cannot know this for sure.

Table 10 - Resident Online Spend 2018-2021 (Morwell Region)

Financial Year	Resident Online Spend	% of Total Annual Expenditure
2018-2019	\$36.65m	12.9%
2019/2020	\$41.47m	13.5%
2020/2021	\$55.62m	22.8%
Total Morwell Region	\$133.74m	49.2%

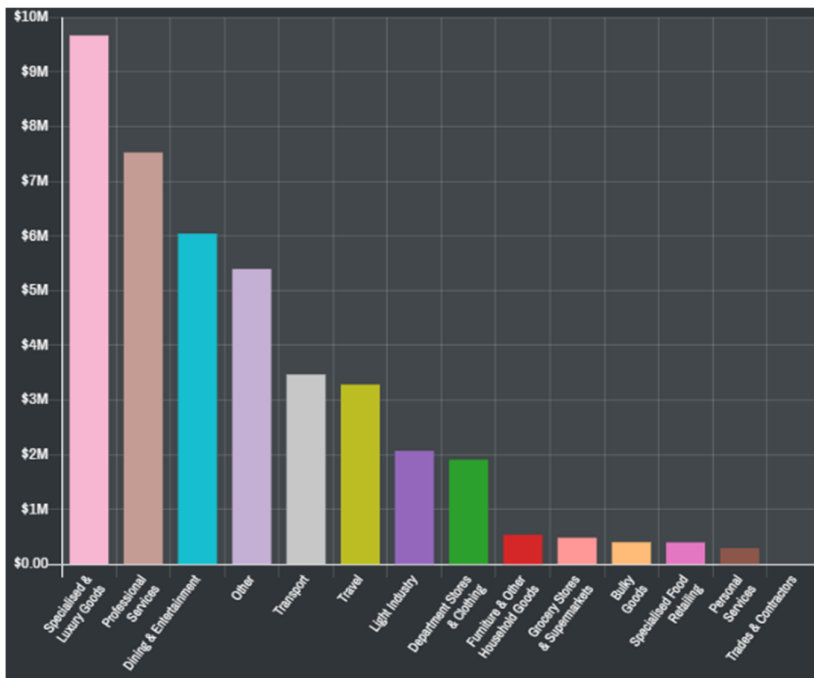
Data source: spendmap.com.au

Figure 19 - Resident Online Spend by Category 2018/2019 (Morwell Region)



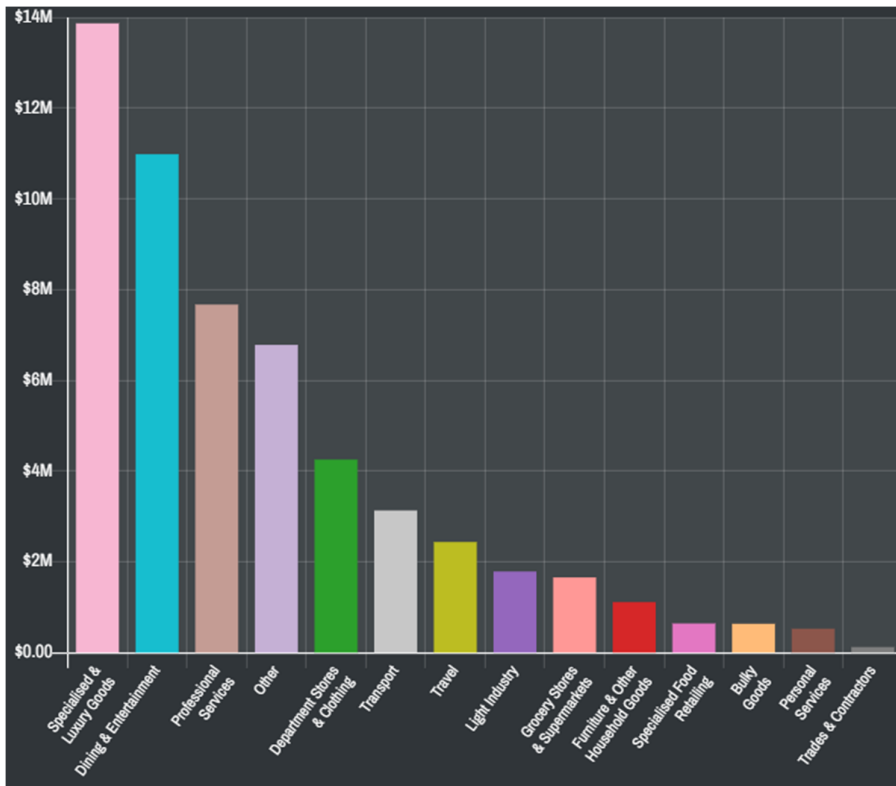
Data source: spendmap.com.au

Figure 20 - Resident Online Spend by Category 2019/2020 (Morwell Region)



Data source: spendmap.com.au

Figure 21 - Resident Online Spend by Category 2020/2021 (Morwell Region)



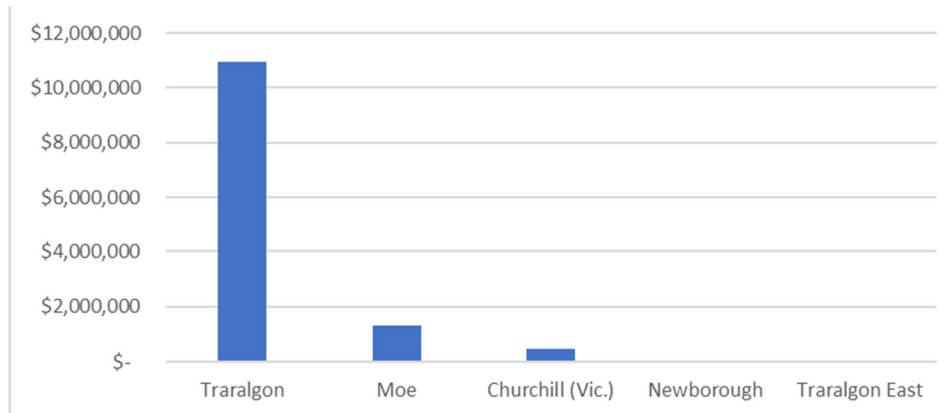
Data source: spendmap.com.au

5.6 Retail Trade Area

The retail and commercial activities within Morwell serve an area larger than the town. The retail trade area of an activity centre is the area from which it gets most of its retail sales. The extent of a retail trade area is influenced mainly by the location of competing centres and the travel patterns of residents.

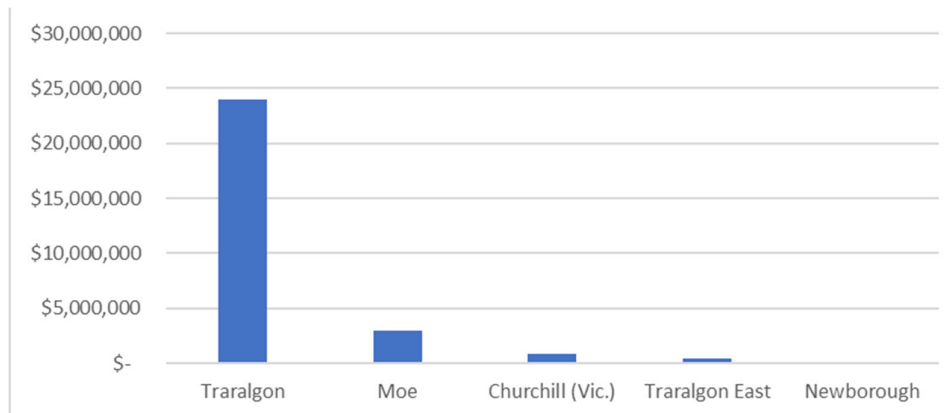
In this case, the trade area for Morwell has been based on the Internal Visitor Spend (residents from other towns within Latrobe that visit Morwell). The top five geographical areas between 2018 and 2021 are outlined below in figures 22-25. The top five spend categories between 2018 and 2021 are also outlined below in figures 26-28.

Figure 22 - Internal Visitor Spend – Top 5 Geographies 2018



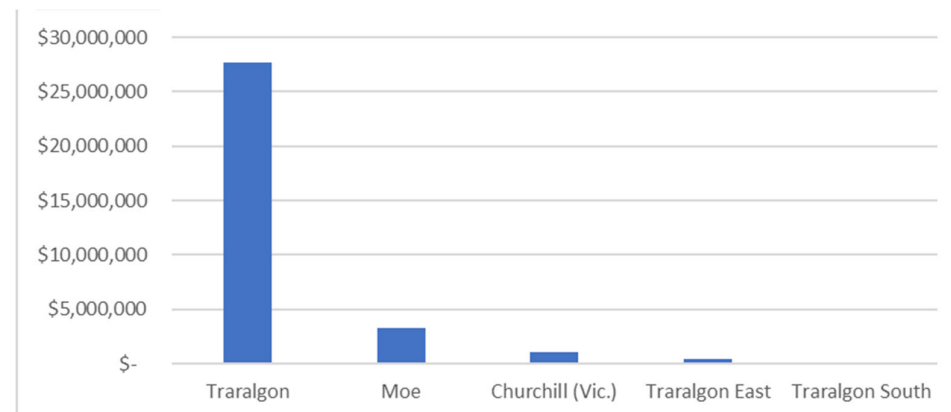
Data source: spendmap.com.au

Figure 23 - Internal Visitor Spend – Top 5 Geographies 2019



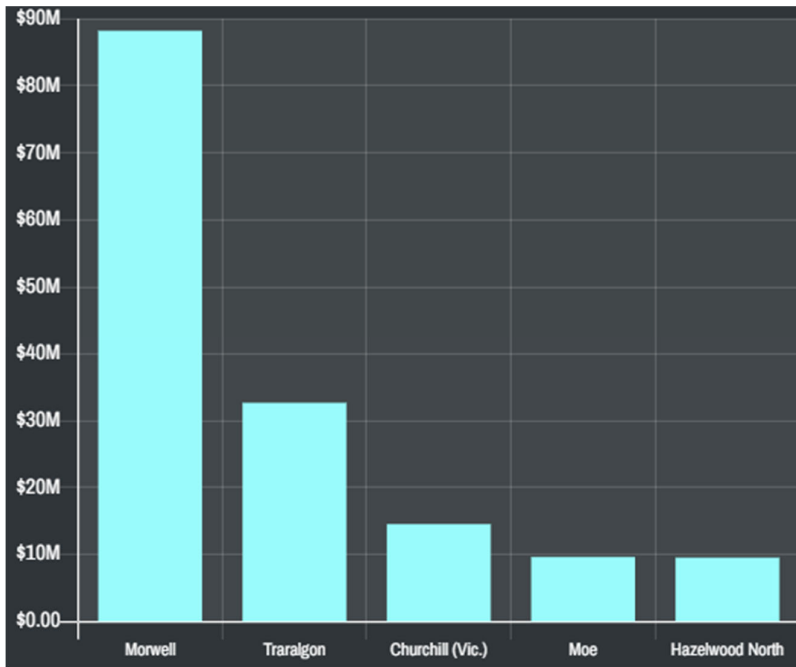
Data source: spendmap.com.au

Figure 24 - Internal Visitor Spend – Top 5 Geographies 2020



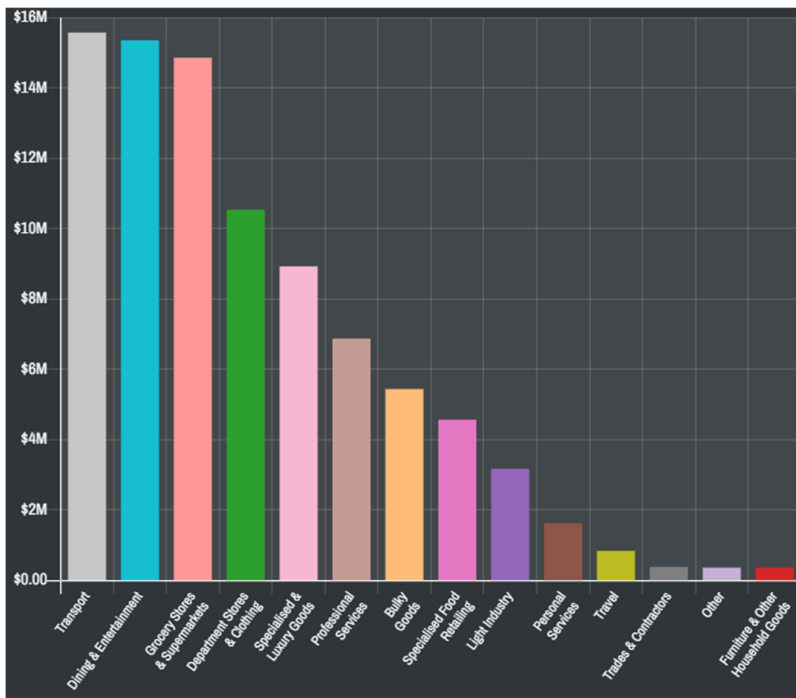
Data source: spendmap.com.au

Figure 25 – Internal Visitor Spend – Top 5 Geographies 2021



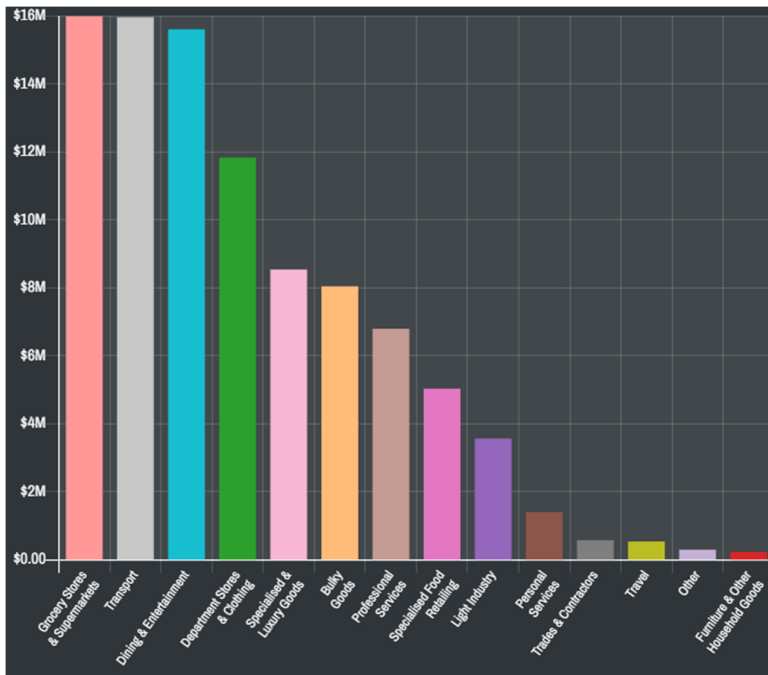
Data source: spendmap.com.au

Figure 26 - Internal Visitor Spend – Top 5 Spend Categories 2018/2019



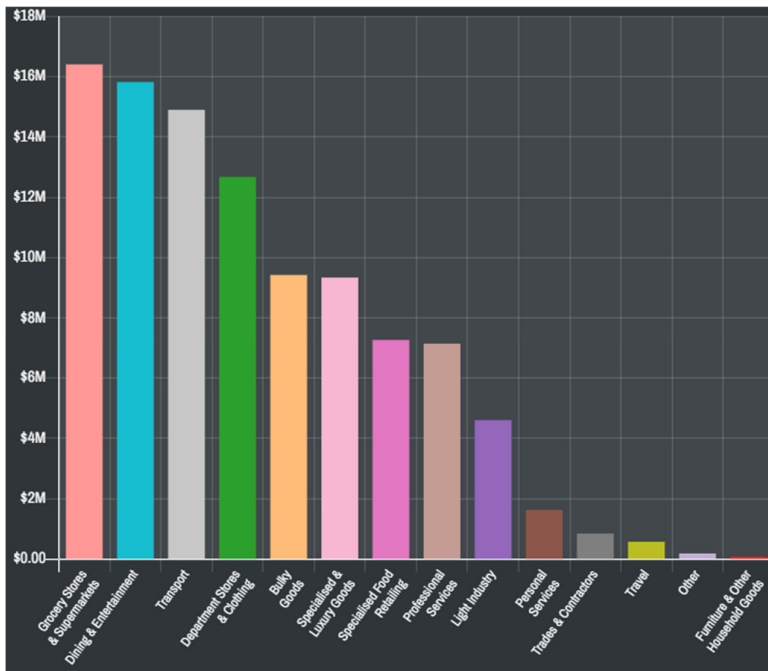
Data source: spendmap.com.au

Figure 27 - Internal Visitor Spend – Top 5 Spend Categories 2019/2020



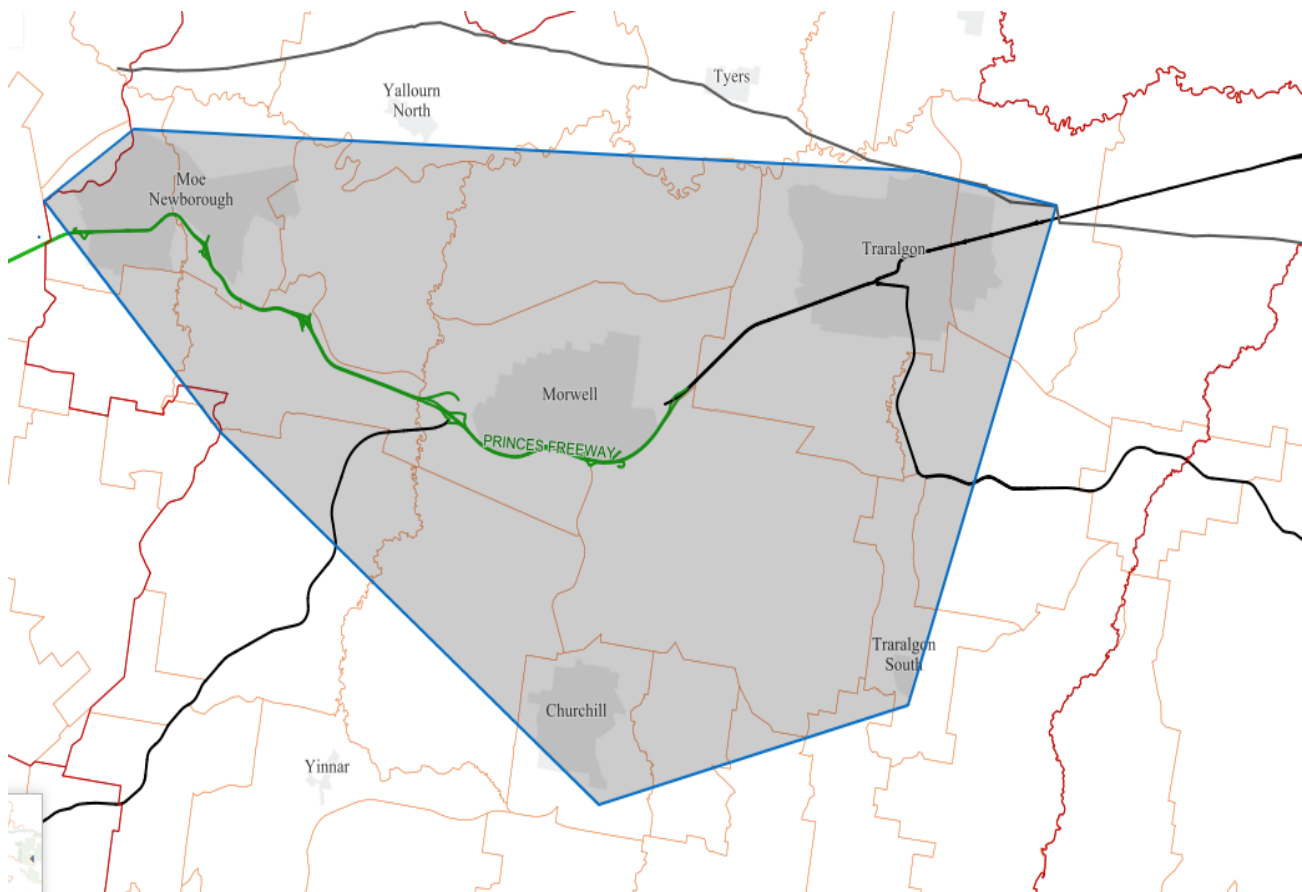
Data source: spendmap.com.au

Figure 28 - Internal Visitor Spend – Top 5 Spend Categories 2020/2021



Data source: spendmap.com.au

Figure 29 - Morwell Region - Retail Trade Area



6 Future Retail Demand

Population growth is a major factor that drives demand for new retail development.

‘Retail follows rooftops’ is a common retail industry phrase. In this sense, having an understanding of population growth trends and locations is important for the development of an activity centre. Population forecasts were prepared having consideration for the State Government’s official population projections (*Victoria in Future 2016*) and the latest ABS Estimated Residential Population (Cat: 3218.0) data release.

6.1 Historic Population

Over the ten years from 2007 to 2017 Latrobe City’s population increased by approximately +3,870 persons, equating to average growth of +390 persons or +0.5% per annum as shown in Table 11 below. In contrast, Regional Victoria’s average annual population growth was significantly higher at +1.2% for the same period.

Table 11 - Historic Population Trends 2007-2017

Category	2007	2012	2017	Av. Annual Change 2007-2017 (No.)	Av. Annual Change 2007-2017 (%)
Morwell	13,980	14,270	14,010	+0	+0.0%
Latrobe City	71,050	73,760	74,920	+390	+0.5%
Regional Victoria	1,311,760	1,384,590	1,477,870	+16,610	+1.2%

Source: ABS Estimated Residential Population (Cat: 3218.0)

In 2017, the Morwell Region's population was 14,010 persons which has remained relatively stable over the 10-year period from 2007 to 2017.

A range of factors have contributed to Morwell's lack of population growth, including the closure of large employment industries, the non-development of approved residential growth areas and infrastructure servicing.

6.2 Population Forecasts

Latrobe City's population is forecast to increase from 75,140 persons in 2018 to 83,860 persons by 2033, representing an increase of +8,720 persons. Average growth per annum for the municipality over the 15 years is forecast to be 0.7% per annum, slightly above the long-term historic trend of 0.5% per annum between 2007 and 2017.

The population in Morwell is forecast to remain relatively constant between 2018 and 2023, and is forecast to experience moderate population growth. Morwell's population is forecast to increase to 14,770 persons by 2033 (see Table 13).

Although Morwell offers access to services, affordable housing and relative proximity to metropolitan Melbourne by virtue of VLine (regional rail service) and the Princes Highway, the potential for future population growth relies on the following:

- The extent to which property development can work as a catalyst for rejuvenation.
- Land releases and the availability of trunk infrastructure to support development (which could provide additional housing for approx. 5295 people or 2522 lots – see Table 12 below).
- Actively promoting opportunities and attracting new investment.
- Potential investment in 'region shaping' public infrastructure such as high-speed rail.

Currently there is very little vacant residential land on the market in Morwell. However, if recently approved greenfield areas of Morwell were developed the township could accommodate approximately an additional 5295 people and be a catalyst for population growth and an alternative residential option to Traralgon which has seen the majority of recent population growth (see Table 12 below).

It is noted that intensification of the south side of Commercial Road, for residential purposes, is discouraged until the completion of rehabilitation works to the northern batter of Hazelwood mine area.

Table 12- Future Residential Growth Area Morwell Region

Development Plan	Lot Yield	No. of Persons	Status
Morwell West	457	959	Developing, currently 51 lots released and 77 lots under construction
Morwell North West	1280	2688	Developing, currently 144 lots released and 16 lots under construction
Crinigan Road	785	1648	No development
Total	2522	5295	

Table 13 - Future Population Growth Trends 2018-2033

Category	2018	2023	2028	2033
Population (No.)				
Morwell	13,960	13,970	14,350	14,770
Latrobe City	75,140	77,100	80,350	83,860
Regional Victoria	1,490,630	1,577,660	1,667,570	1,761,560
Av. Annual Change (No.)				
Morwell		+0	+80	+80
Latrobe City		+390	+650	+700
Regional Victoria		+17,410	+17,980	+18,800
Av. Annual Change (%)				
Morwell		+0.0%	+0.5%	0.6%
Latrobe City		+0.5%	0.8%	0.9%
Regional Victoria		+1.1%	1.1%	1.1%

Source: ABS Estimated Residential Population (Cat: 3218.0) and Victoria in Future 2016 (DELWP)

Population forecasts for Latrobe City shown in Table 13 take into consideration forecast growth rates from the State Government's official population projections *Victoria in Future 2016*, which have been rebased to reflect the latest Estimated Residential Population (ERP) release by the ABS (Cat: 3218.0).

Note: It is likely that population projections may be affected by the Covid Pandemic, including Federal Home Builders grants and the general housing market upturn that is currently being experienced.

6.3 Prospects for Retail Growth

The *Latrobe City Retail Strategy 2019* identified the Morwell CBD (along with Moe CBD and Mid Valley) as underperforming centre. Reasons for the underperformance include lack of population and spending growth, lack of private sector investment, poor urban environment and public realm.

The prospects for growth in retailing in Morwell depend on a range of factors including:

- the growth in resident spending and the extent to which this can be captured by shops in Morwell (including online spend);
- the ability of Morwell to capture more spending from people living outside its trade area (some of this will be determined by the role of Morwell in the retail centre hierarchy);
- population growth;
- new investment; and
- the overall operating environment for Morwell will need to improve in order to attract new retailers and other businesses.

Avenues to improve the viability and activity levels within under-performing centres need to be considered, and include:

- Options to improve urban environments and the public realm.
- Consideration of the optimal land use type in poor-performing precincts. This may involve updating or undertaking activity centre plans which can inform any possible changes to land use zones or schedules.
- Consideration of how to connect and integrate poor-performing precincts with better-performing precincts.
- Continued support for higher-density residential uses in close proximity to centres.
- Options to increase office employment in appropriate locations (e.g. Gov Hub project).
- Support the development of niche retail which complements the wider retail offer.
- Support innovative methods of re-use of vacant floorspace that may assist in improving activity levels.

6.4 Future Retail Development Opportunities

As outlined in the *Latrobe City Retail Strategy 2019*, there is forecast demand for approximately +42,000m² of additional retail floorspace over the period 2018 to 2033 within Latrobe City. This floorspace growth is anticipated to present the following retail opportunities over the next 15 years:

- +4,200m² of food, liquor and grocery floorspace;
- +3,100m² of food catering floorspace; and
- +35,000m² of non-food (bulky goods, homemaker etc).

Accounting for approved developments (which amount to some 9,000m² of floorspace) and potential for existing vacant floorspace to absorb up 10,000m² in future demand, potential exists for approximately **+23,000m² in new retail floorspace**. As noted above, the majority of this floorspace demand is for non-food merchandise. Consequently, limited scope exists for new local or neighbourhood centres to be developed (outside of already approved developments) in the 15-year horizon due to the limited anticipated demand for food, liquor and groceries retail.

Direct retail opportunities for the Morwell Activity Centre include:

- Potential to re-occupy vacant floorspace within the activity centre (currently estimated at 8,200m²).
- Incremental growth in food catering is expected to occur as the activity centre continues to evolve into more important social and meeting places, providing a wider range of uses than traditional retailing.

The *Latrobe City Retail Strategy 2019* did not recommend any additional commercial zoned land be applied within the Morwell town centre however it did suggest that the current land zoning within the northern precinct of the Morwell town centre be further investigated.

The analysis of retail development opportunities described above is intended to be indicative only. The retail sector is ever-changing, with new retail formats being developed that respond to constantly changing consumer trends. Changes to the structure of retailing and the introduction of new market entrants will continue to influence the analysis of retail development opportunities.

7. Office development

Morwell town centre performs an important government sector role in accommodating the Latrobe City Council offices as well as other local and state government agencies such as Department of Health and Human Services, Latrobe Valley Authority and CFA District 27 Headquarters. The GovHub development is the largest and most recent of these developments and is located within the northern precinct of Morwell's town centre and accommodates approx. 2890m² of dedicated office floorspace.

The area immediately south of Commercial Road and west of Hazelwood Road in the southern precinct of Morwell's town centre is referred to as the 'Justice Precinct' and accommodates the Latrobe Valley Magistrates Court, Morwell Police Station, Morwell Justice Centre and lawyers/solicitors' offices amongst other aspects.

Morwell is seen as the region's key government office centre however it does share this role with Traralgon, and to a lesser extent, with other sub-regional town centres throughout the region. Government activities are the largest users of office space; however, private sector enterprises also have substantial offices such as Anglicare and Latrobe Valley Express.

Health services and practitioners are also significant users of office space such as Latrobe Community Health Services, Morwell Healthcare Centre and Central Gippsland Aboriginal Health Service within the northern precinct and Brayakooloong Community Wellbeing Centre, Headspace and IPAR Rehabilitation in the southern precinct.

The Victorian Government is committed to supporting the Latrobe Valley and its transition from a resource-based economy to one that is more robust and diversified - leveraging the strengths of the existing workforce while welcoming further investment into the region. Regionalisation of Commonwealth Government agencies is a familiar tool to assist communities facing economic transition. Latrobe City has experience with Commonwealth Government agencies being located within our municipality, notably the Australian Securities & Investments Commission (ASIC) Registry located in Traralgon and more recently the GovHub in Morwell. The decentralisation of other Commonwealth Government functions would continue to anchor jobs in this transitioning economy.

8. Housing

8.1 Existing situation

There are approx. 36 existing residential developments (totally approx. 22,344 sqm) within the Morwell town centre, on commercial and mixed-use zoned land, which have been captured by the Council property data-base.

These include:

- 2 x Government housing developments (Women’s Refuge & DHS boarding house);
- 18 single detached dwellings; and
- 5 units developments (consisting of a total 16 units).

There are presently no residential apartment buildings within the Morwell town centre on commercial and mixed-use zoned land.

Note: It is noted that some other residential living may be taking place within the town centre, perhaps within the upper levels of existing commercial buildings, however these are hard to determine given councils’ database is generally reflective of the use occurring at the street/ground level only.

Existing State government policy encourages medium density housing development within close proximity of activity centres and sites that offer good access to jobs, services and transport. This approach is also incorporated in the Precinct Structure Planning Guidelines administered by the Victorian Planning Authority as well as Council’s own Healthy Design Guidelines and local policies.

Council’s Live Work Latrobe (2017) supports the growth of Latrobe City to 100,000 residents (82,460 people by 2030) to reinforce and fulfil its role as Gippsland’s Regional City. The Housing Strategy seeks to deliver higher densities proximate to activity centres which will contribute positively to their viability. Analysis of residential densities across the City of Latrobe indicated that medium density development is occurring “haphazardly” across the municipality. In particular, this type of housing is being constructed within established suburbs as opposed to being located in proximity to activity centres and transport nodes. This has impacts on neighbourhood character as well as local liveability and sustainability.

The *Morwell Housing Framework Plan* identifies areas which have the capacity to support increased densities and housing change, as well as areas with limited potential for growth in order to ensure that the ‘right’ type of housing occurs in the ‘right’ locations.

Housing diversity

The provision of a diverse housing stock assists in achieving broad strategic objectives including housing choice, affordability and adaptability and supports the concept of ageing in place. Latrobe’s dwelling stock is currently dominated by detached housing (86%), the majority of which comprise three or more bedrooms. Furthermore, standard dwellings have accounted for the majority (89%) of all new dwellings approved in Latrobe City over the past decade, with medium density dwellings accounting for 10-15% of total new dwellings on an annual basis. (source ABS Building Approvals, Australia (various))

A review of ABS Building Approvals data (where an occupancy permit has been granted) for Morwell, over the last five years from 2016-2020, shows that new building approvals have almost exclusively been for standard houses (85) with one 2 unit development. The total project values associated with these building approvals is estimated at \$23,605,683.

Table 12 - New Building Approvals by Housing Type Morwell 2016-2020

	2016	2017	2018	2019	2020	Total count over 5 Yrs	Share of Total
Houses	29	13	11	20	12	85	98%
Units	0	0	2	0	0	2	2%
Total Residential	29	13	13	20	12	87	100%

Housing Affordability

Analysis of property and land price trends for the decade of 2004-2014 indicates that Latrobe City has experienced slightly higher growth over the past decade (2004-2014) compared to Regional Victoria, however Latrobe's house and unit prices remain 25%-30% below regional Victoria averages although vacant land prices are now similar to regional averages. (see Tables 13-15 below).

Table 13 - Median House Price Trends 2004-2014

Year	City of Latrobe	Regional Victoria	Metropolitan Melbourne	Victoria
2004	\$131,000	\$191,000	\$308,100	\$270,000
2014	\$218,000	\$299,310	\$550,000	\$460,000
Change 2004-2014	+\$87,000	+\$108,310	+\$241,900	+\$190,000
AAGR 2004-2014	+5.2%	+4.6%	+6.0%	+5.5%

Source: A Guide to Property Values, Department of Environment, Land, Water & Planning 2015

Note: AAGR – Average Annual Growth Rate

Table 14 - Unit/Apartment Price Trends 2004-2014

Year	City of Latrobe	Regional Victoria	Metropolitan Melbourne	Victoria
2004	\$115,000	\$175,000	\$275,000	\$261,000
2014	\$179,500	\$241,390	\$455,000	\$432,500
Change 2004-2014	+\$131,000	+\$189,090	+\$391,000	+\$370,500
AAGR 2004-2014	+4.6%	+3.3%	+5.2%	+5.2%

Source: A Guide to Property Values, Department of Environment, Land, Water & Planning 2015

Note: AAGR – Average Annual Growth Rate

Table 15 - Vacant House Block Price Trends 2004-2014

Year	City of Latrobe	Regional Victoria	Metropolitan Melbourne	Victoria
2004	\$65,000	\$75,000	\$135,000	\$113,500
2014	\$132,400	\$134,000	\$210,000	\$183,000
Change 2004-2014	+\$67,400	+\$59,000	+\$75,000	+\$69,500
AAGR 2004-2014	+7.4%	+6.0%	+4.5%	+4.9%

Source: A Guide to Property Values, Department of Environment, Land, Water & Planning 2015

Note: AAGR – Average Annual Growth Rate

Over the period 2010 to 2020 the median house price in Morwell increased by 2.8% pa to \$200,500, while vacant land prices grew by 2.5% pa and unit prices grew by 3.1% pa.

Over the same period (2010-2020) the median house price in:

- Traralgon grew by 5.4% pa to \$340,000 (vacant land grew by 2.6% and units grew by 0.9% pa).
- Moe/Newborough grew by 9.4% pa to \$250,000/\$290,00 (vacant land grew by 4.9% pa and units grew by 10.4% pa).
- Churchill grew by 2.8% to \$226,000 (vacant land grew by 1.8% (no data available for units)).
- Country Victoria increased 54% from \$270,000 to \$415,000.

The median house price in Latrobe in 2020 was \$275,000 a 7.9% increase from 2019.

The median house price in Country Victoria's in 2020 was \$415,000 a 7.8% increase from 2019.

The number of country Victoria house sales in 2020 totalled 26,435 with Latrobe contributing to approx. 1,538 or 5.8% of these house sales .

More recently the country Victoria's median house price showed an increase of 4% to \$489,000 in the June 2021 quarter.

(source: DELWP Property sale statistics and land.vic.gov.au)

Figure 30 – Latrobe City Residential Price Statistics 1990-2021 (Guide to Property Values 2020)

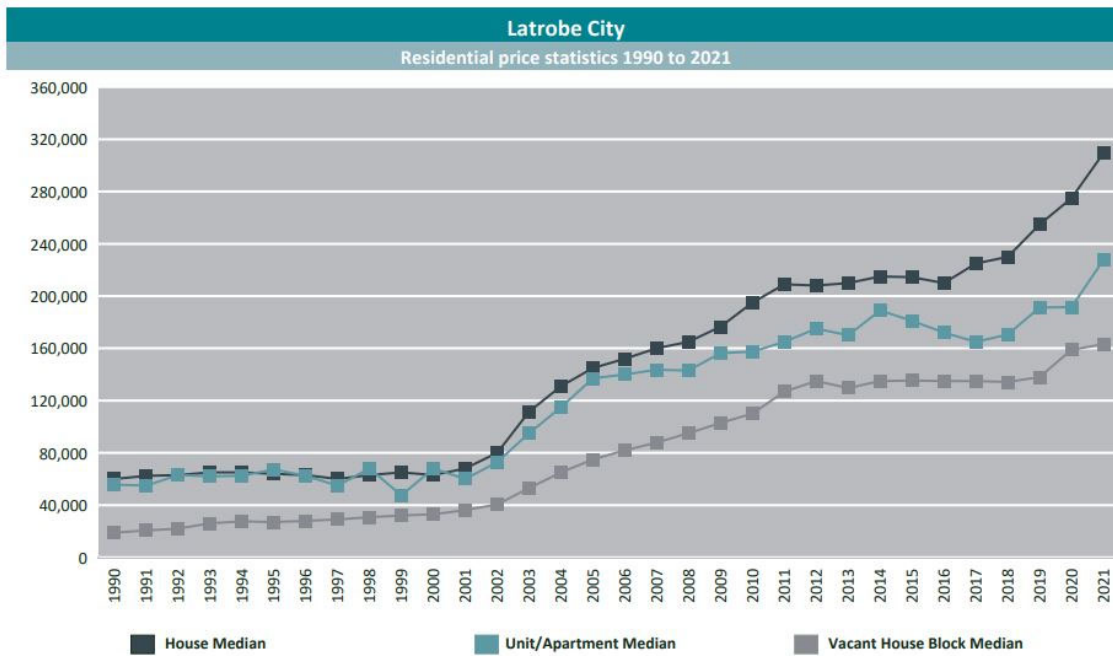
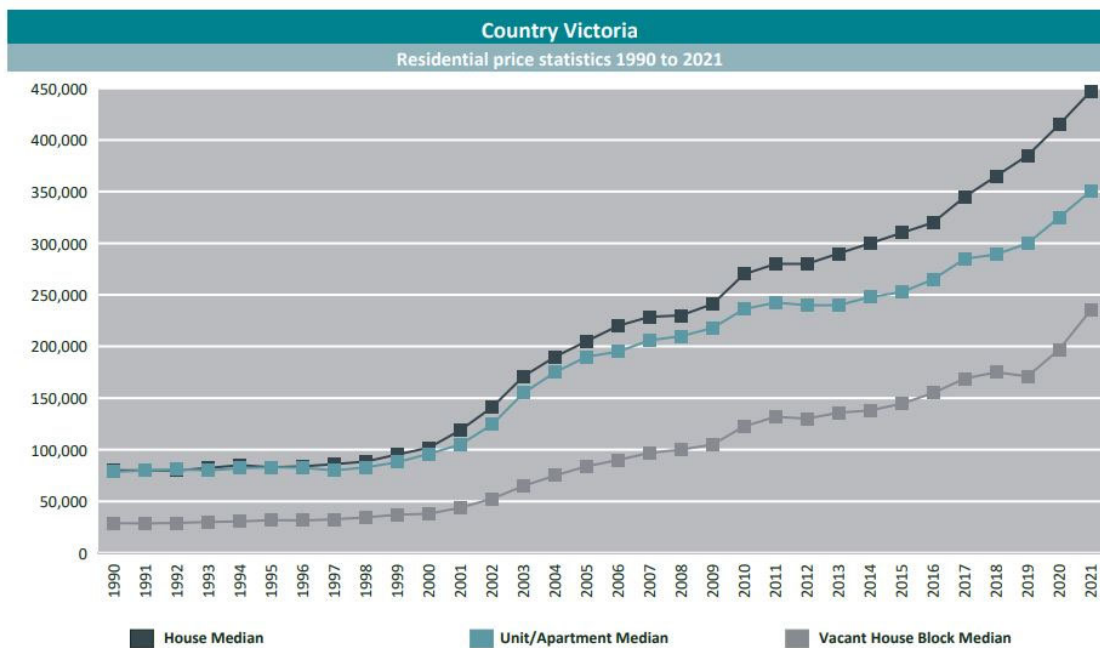


Figure 31 – Country Victoria Residential Price Statistics 1990-2021 (Guide to Property Values 2020)



Note: The concept of ‘affordability’ is a relative issue – what is affordable for some is not affordable for others. The Socio-Economic Indexes for Areas (SEIFA) provides a measure of the relative level of socio-economic disadvantage of a community based on a range of Census data, including income, education, occupation etc. Latrobe is presently ranked as the seventh most disadvantaged municipality in the State and the most disadvantaged Regional City.

8.2 Existing forecasts for medium density housing

The Live Work Latrobe -Housing Strategy (2017) identified that approximately 5,000 new dwellings will be required in the City of Latrobe over the period 2016 to 2031 (according to Victoria in Future (VIF) 2015 projections). This represents an average of approximately 330 new dwellings per year, which is below the long-term trend (approximately 410 new dwelling approvals) and reflects modest population growth projected in the municipality over the coming 15 years. The VIF 2015 data indicates that 9% of these new dwellings will be required in Morwell which equates to approx. 430 new dwellings. This would require approx. 39 ha of land (at Councils preferred density of 11 lots per ha).

Morwell currently has 90 ha of vacant residentially zoned land which more than meets the projected demand. However, factors such as infill development, re-use of existing sites, and transition of non-residential land (e.g. agricultural, industrial) for residential purposes would reduce the amount of additional residential-zoned land required.

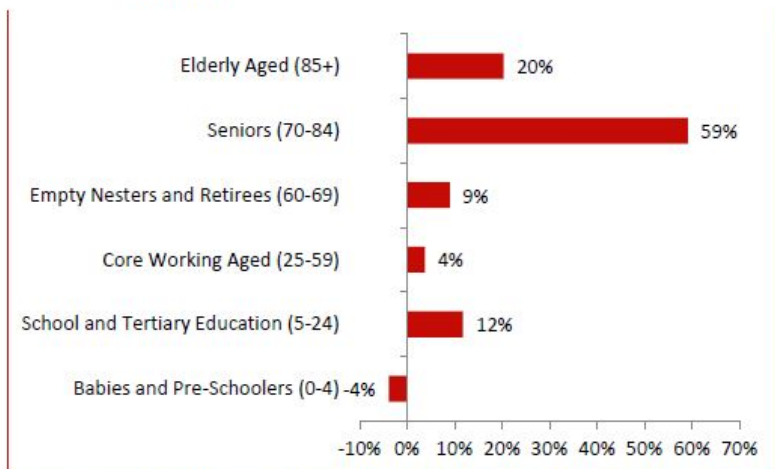
Medium density (units) residential sales in Morwell, between January 2020 and September 2020 were approx. 38 (units). 16 of these were sold in the July - September 2020 quarter, this was a 14.1% increase on the last quarter (April - June 2020). The median price for a unit in Morwell (between June - September 2020) was approx. \$190,000.

In comparison Traralgon only achieved a 0.6% increase in unit sales in the last quarter (July-September 2020) with the median price for a unit sitting at \$220,000. Moe achieved a 2.4% increase in unit sales in the last quarter (July – September 2020) with the median price for a unit sitting at \$128,000.

The demand for medium density housing is projected to grow and is supported by the VIF 2015 age-based population projections, which highlights a significant aging of Latrobe’s population over the coming 15 years. When the composition of future growth is considered, approximately 79% of Morwell’s growth is focused on seniors and elderly aged cohorts (70+ years). See table 16 below.

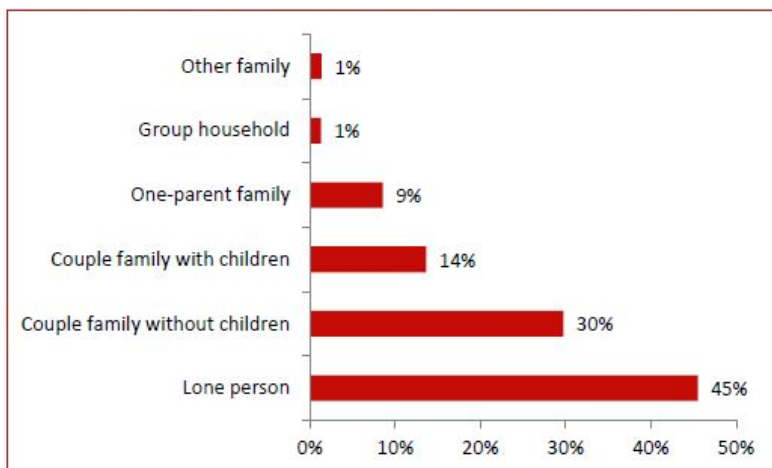
When future dwelling type requirements are considered, in terms of accommodating the City of Latrobe’s population growth, VIF 2015 household formation data shows a significant shift towards lone person households and couples without children households, and this pattern is consistent with an ageing population. These two groupings represent approximately 75% of all new household growth over the period 2016 to 2031 for Morwell, and indicate an increasing demand for smaller dwellings on smaller allotments (and other arrangements such as retirement villages) in future years. See table 17 below.

Table 16 – Share of projected population growth by age cohort – VIFSA Morwell Town 2016-2031



Source: Victoria in Future 2015, Department of Environment, Land, Water and Planning

Table 17 – Composition of household growth – VIFSA Morwell Town 2016-2031



Source: Victoria in Future 2015, Department of Environment, Land, Water and Planning

Urban renewal and housing intensification will therefore play a key role in facilitating growth within Morwell and will assist in facilitating a vibrant city centre, diversify the local dwelling stock and maximise access to existing infrastructure and services. The potential for higher density living in the Morwell CBD (and other CBD's for that matter) is difficult to assess using past trends because this form of housing represents a 'new' product in the Latrobe marketplace. Such a market can have many benefits in terms of:

- Better utilising valuable but scarce land close to services and rail stations to maximise potential;
- Building a 'café culture' and extending hours of activity;
- Increasing informal surveillance and making a place look and be safer;
- Encourage a more pedestrian and public transport orientated lifestyle; and
- Generally adding to a sense of vibrancy.

Key markets for medium density living in the Transit precincts are likely to be:

- Older persons such as retirees and empty nesters (the latter may be in the workforce but have no dependants)
- Students that live in single or group households (Monash Uni and TAFE students)
- Executive labour/professions (permanent and temp residents)
- Other smaller household types such as single people and lone parents.

It is important that medium density housing is diffused carefully into the market to avoid over-supply at any given time and to ensure roll-out of a quality product and lifestyle offer. In addition, it requires a quality product and a quality urban setting.

It could be of benefit if the first projects are quality demonstration projects, having the capacity to change market perceptions of and preferences towards apartments, and demonstrate profitability and low risk to developers / investors. On this basis it is likely that take up of apartments in initial years will be slow. It is important that this type of housing product is delivered and diffused slowly to avoid over-supply and ensure quality, then demand.

The northern precinct of the Morwell town centre is identified as an area for substantial change within the Morwell Housing Framework Plan. See figure 24 below. Criteria and objectives for Substantial Change Areas are to encourage higher density development within 400m radius of Principal Activity Centres (transit city precincts), in the form of low scale apartments, townhouses and units close to Transit Cities and train stations.

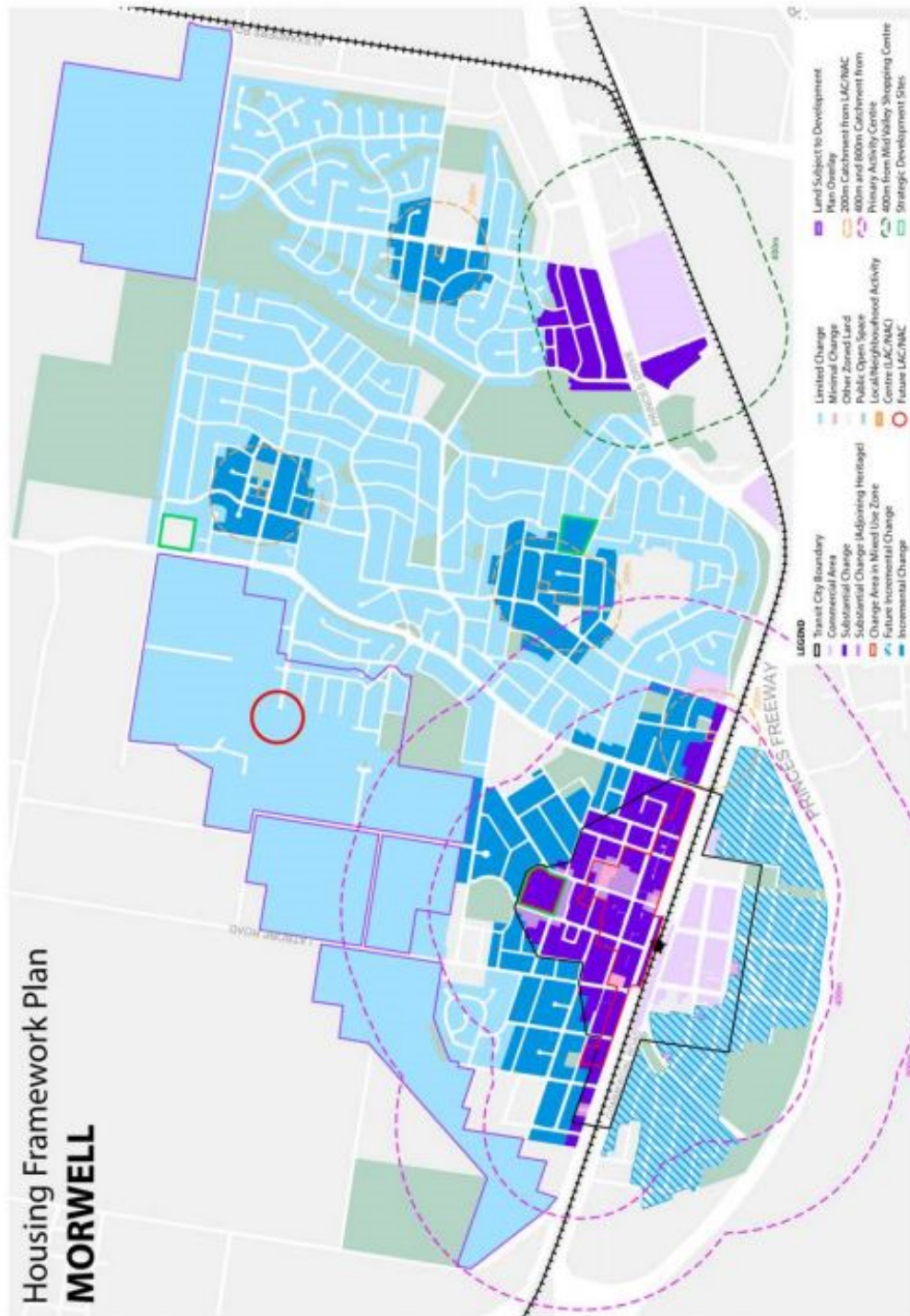
The southern precinct of the Morwell town centre is identified as an area for future incremental change due to its proximity to the Hazelwood Coal Mine. Criteria and objectives for Incremental Change Areas to encourage medium density development in the form of townhouses, units and dual occupancies in or within walking distance of Principal Activity Centres and train stations, as identified, and to transition between Substantial Change areas and surrounding land.

Previous strategies undertaken for the Morwell to assist with the rejuvenation of the town centre such as *Latrobe Transit centred precincts 2004*, included provision of medium density housing integrated with selected mixed-use development. Medium density housing can take many forms, allowing it to respond to valued local character. Several sites have previously been identified for the suitable development of medium density housing that meets the expectations and demands. They also identify building techniques (storeys, setback from boundaries, site coverage/building mass, landscaping etc) that ensure the amenity and privacy of adjacent properties are not be adversely affected. Many of these identified sites are considered to remain relevant today, these include:

- Within the block of Fleming, Collins, Church and Buckley Streets (development of vacant mid-block area, creation of dwellings/units at rear of existing dwellings or redevelopment of old housing stock);
- Buckley Street (at upper levels only);
- Church Street at (upper levels only); and
- Edges of Transit City boundaries (as a transition between more sensitive residential areas).

Figure 24 – Morwell Housing Framework Plan

Morwell Housing Framework Plan



Housing Framework Plan
MORWELL

9 Summary of findings

9.1 Retail

The Morwell Region (between 2018 and 2021) captured approx. 19% of the total local sales within the LGA. In addition, over the last two years, the spending trend for total local spend has been upwards, this is predicted to continue.

Internal escape accounts for approx. 53% of the total escape expenditure for the Morwell Region (between 2018 and 2021). The majority of internal escape expenditure is going to Traralgon however approx. 65% of all local resident spending stays within the Morwell region.

External escape accounts for approx. 47% of total escape expenditure for the Morwell Region (between 2018 and 2021). The majority of external escape expenditure is going to Warragul. The Discretionary spend category has the most 'headroom' to support additional local businesses however the Services & Other spend category identifies a possible gap in the market that could support additional local businesses.

Online spending accounts for approx. 22.8% of all local expenditure between 2018 and 2021.

There is a relatively high market share within the LGA with 81 cents in every dollar being spent at local shops. This indicates residents are reasonably well-served by retail facilities in the municipality. As a result, future increases in retail performance and retail development opportunities are likely to be primarily informed by local population and visitor growth.

ABS data estimates that Morwell's population is forecast to increase to 14,770 persons by 2033. Based on these population projections the *Latrobe City Retail Strategy 2019*, forecast that direct retail opportunities for the Morwell Activity Centre may include:

- Potential to re-occupy vacant floorspace within the activity centre (currently estimated at 8,200m²).
- Incremental growth in food catering is expected to occur as the activity centre continue to evolve into more important social and meeting places, providing a wider range of uses than traditional retailing.

The retail centre of Morwell has significant vacant and under utilised space and hence any future demand is likely to involve better use of space, take-up of vacant space and some new development to replace obsolete stock and cater for expansion. As such the *Latrobe City Retail Strategy 2019* did not recommend any additional commercial zoned land be applied within the Morwell town centre however it did suggest that the current land zoning within the northern precinct of the Morwell town centre be further investigated.

In addition, the prospects for growth in retailing in Morwell depend on a range of other factors including:

- the growth in resident spending and the extent to which this can be captured by shops in Morwell;
- the ability of Morwell to capture more spending from people living outside its trade area (some of this will be determined by the role of Morwell in the retail centre hierarchy);
- new investment; and
- the overall operating environment for Morwell will need to improve in order to attract new retailers and other businesses.

Note: The analysis of retail development opportunities described above and in this report is intended to be indicative only. The retail sector is ever-changing, with new retail formats being developed that respond to constantly changing consumer trends. Changes to the structure of retailing and the introduction of new market entrants will continue to influence the analysis of retail development opportunities.

9.2 Office

An overarching vision for Morwell is to support its function as one of the region's key commercial and government office centres. Morwell is well known as being the centre for government offices and industry and as such provides a range of office accommodation.

Further investment in regional business headquarters is likely as the Gippsland population grows and firms seek to service regional markets more effectively. This will apply to activities such as insurance, accounting, commercial law, engineering and technical services, advertising and media services and so on. These are likely to be small to medium sized enterprises with less than 200 staff.

Whilst the hospital sits between Morwell and Traralgon, Morwell continues to be a hub for regional health specialists. These types of specialists are likely to grow in line with the demand from the ageing population of the region.

Small office users will continue to seek a location in Morwell in order to be accessible to clients and visible to the marketplace. As Morwell grows its share of regional business activity the town centre may become an even more sought-after location for small businesses in the area due to availability and affordability.

The prospects for office development in any particular location, including Morwell, are difficult to determine with certainty since much depends on the deliberations of a wide range of investors who are serving different markets and constituencies.

New office developments should continue to be encouraged within the Morwell Primary Activity Centre.

9.3 Medium Density Housing

There are approx. 36 existing residential developments (occupying approx. 22,344 sqm of land) within the Morwell town centre, on commercial and mixed-use zoned land, which have been captured by the Council property data-base.

Existing State and local government policy encourage medium density housing development within close proximity of activity centres and sites that offer good access to jobs, services and transport. This approach is also incorporated into the Precinct Structure Planning Guidelines administered by the Victorian Planning Authority as well as Council's own Healthy Design Guidelines and local policies.

The Live Work Latrobe -Housing Strategy (2017) identified that approximately 5,000 new dwellings will be required in the City of Latrobe over the period 2016 to 2031 (according to Victoria in Future (VIF) 2015 projections). Of these 5,000 new dwellings 9% of these will be required in Morwell which equates to approx. 430 new dwellings.

When future dwelling type requirements are considered, the data shows a significant shift towards lone person households and couples without children households, and this pattern is consistent with an ageing population. These two groupings represent approximately 75% of all new household growth over the period

2016 to 2031 for Morwell, and indicate an increasing demand for smaller dwellings on smaller allotments (and other arrangements such as apartments or retirement villages) in future years.

Increasing medium density housing within activity centres broadens the mix and helps contain urban sprawl, strengthens the role of activity centres, better utilise existing physical and social infrastructure including public transport and creates more opportunity for people to stay in their community.

10. Recommendations

This report supports existing Activity Centre, State and Local Policy including:

- Directing major retailers (excluding homemaker retail) to the larger retail centres where they contribute to increasing the profile and overall levels of activity within the centre.
- Supporting higher-density residential uses within 400m of the activity centre.

This report also makes the following recommendations:

- No additional commercial zoned land is required within the Morwell town centre (based on current population projections, the potential to re-occupy vacant floorspace within the activity centre currently estimated at 8,200m², redevelopment and new development opportunities).
- Further investigate the current land zoning within the Morwell town centre for its suitability to support optimal land use types and development outcomes expected and anticipated in the Morwell town centre to 2033. This may include considering the application of the Activity Centre Zone which encourages a wide mix of uses and developments within a centre.
- Continue to improve urban environments/public realm, including the consideration of how to better connect and integrate poor-performing precincts with better-performing precincts.
- Support innovative methods of re-use of vacant floorspace that may assist in improving activity levels, such as:
 - short term use as community display;
 - encouraging the lowering of rents to provide opportunities for local entrepreneurship;
 - connecting landlords with start-up businesses and entrepreneurs; and
 - establishing a register of long-term vacancies, and undertaking an expression of interest for potential tenancies and land owners.
- Promote existing and future commercial and industrial developments to attract new investment and improve the quality of the retail offer in the Morwell CBD (such as the GovHub in the northern precinct and opportunities anticipated via the Morwell Food Manufacturing Precinct).
- Improvements to the quality of the building stock by encouraging, the redevelopment of derelict buildings. The use of differential rating could be utilised as one option.
- Develop an action plan for the Morwell town centre's night-time to encourage greater vibrancy and on-street activity at night. This may involve events, street-fairs, pop-up bars, and other hospitality and entertainment features.

- Support mixed-use and office development in appropriate locations to broaden the appeal of the centre and attract a higher level of spending available to retailers.
- Facilitate innovative consultation with businesses, land owners and traders' association representatives to identify opportunities for centres, with appropriate actions and roles identified.
- Facilitate regular information sessions and seminars for businesses on the latest trends in retailing (e.g. technological change, trends in digital marketing, business practices, consumer and competitive trends, creating and maintaining an online presence etc).
- Improve Council officers' awareness of relevant trends in the retail sector by continuing to attending retail industry events and seminars, internal briefings, other forms of information- sharing, and subscribing to retail industry publications (e.g. Inside Retailing, Shopping Centre News).
- Provide greater emphasis on the retail and commercial sector in future revisions of Council's Economic Development Strategy.

11. References

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Latrobe City Council Retail Strategy Review 2007 (Macroplan Australia Pty Ltd)

Gippsland Regional Growth Plan 2014

Gippsland Regional Plan 2015-2020

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NAB Online Retail Sales Index, July 2018; Australia Post Inside Australian Online Shopping, 2018
(<https://business.nab.com.au/nab-online-retail-sales-index-july-2018-31132/>)

ABS Building Approvals Australia (<https://www.abs.gov.au/statistics/industry/building-and-construction/building-approvals-australia/latest-release>)

DELWP Property Sales Statistics (www.land.vic.gov.au/valuations/resources-and-reports/property-sales-statistics)

12. Glossary of terms

TERM	DEFINITION
Food, Liquor and Groceries (FLG)	Comprises household spending and floorspace involved in the selling of take-home food, groceries and liquor.
Food Catering	Household spending and floorspace associated with cafes, restaurants and take-away food stores.
Non-Food	Spending on non-food retail products such as apparel, homewares, bulky merchandise, leisure goods, other general merchandise and spending on services such as hairdressers, dry cleaning, etc.
Discretionary Spend	Includes items such as: <ul style="list-style-type: none"> • Dining & Entertainment • Department Stores & Retail • Specialised & Luxury Goods • Travel
Consumer Staples	Includes items such as: <ul style="list-style-type: none"> • Food • Bulky Goods • Household Goods • Light Industry (repair shops, air conditioning, printing etc.) • Trades & Contractors • Transport • Specialised Food Retailing
Services & Other	Includes items such as: <ul style="list-style-type: none"> • Personal Services (including but not limited to): <ul style="list-style-type: none"> • Cleaning • Dry cleaning • Shoe repairs • Health and beauty spas • Massage parlours • Berbers • Funeral parlours • Professional Services (including but not limited to): <ul style="list-style-type: none"> • Medical and allied health services • Accounting and legal services • Education services • IT • Other (including but not limited to): <ul style="list-style-type: none"> • Money exchanges • Government owned lotteries outlets • Religious organisations

