



ESSENTIAL ECONOMICS

# Latrobe City Council

## Retail Strategy

**BACKGROUND**

**RESEARCH AND ANALYSIS**

Prepared for



by

Essential Economics Pty Ltd

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## EXECUTIVE SUMMARY

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### *Strategy Background*

Latrobe City Council has engaged Essential Economics and Ethos Urban to prepare the Latrobe City Retail Strategy (the Retail Strategy) which provides the strategic basis to co-ordinate the future planning and development of the municipality's retail sector and activity centres. The last municipal-wide study of the retail sector was undertaken in 2007. Now is an opportune time to prepare this Retail Strategy given the passage of time, changes in the strategic planning context at both a state and local level, and recent trends affecting the retail sector.

The Retail Strategy comprises two main documents:

- A **Background Report** (this document) which provides the analytical basis and background research supporting the Retail Strategy; and
- The **Retail Strategy & Implementation Plan** providing the vision, objectives and actions to guide future decision making with respect to retail centre development.

### *Regional Context*

Latrobe City is located in the Gippsland region of Victoria and just under two hours' drive from metropolitan Melbourne. Major towns include Moe - Newborough, Morwell, Traralgon and Churchill, along with the smaller townships of Yallourn North, Tyers, Glengarry, Toongabbie, Yinnar, Boolarra and Traralgon South.

Latrobe City is a networked 'regional city' encompassing the major towns of Moe – Newborough, Morwell, Traralgon and Churchill. This unique settlement structure of four regional (major) towns in relatively close proximity is a historical legacy of brown coal mining and electricity generation activities in the Latrobe Valley and has implications for the development and trading catchments of the municipality's retail centres.

Over the past two decades, Traralgon has evolved to become the major retail destination in Latrobe City. Other major towns – Moe, Morwell and Churchill provide differing retail offers and quantities of retail floorspace, while limited convenience-based retailing is provided in smaller townships.

The retail sector in Traralgon is relatively strong, subject to ongoing investment and reflects Traralgon's role as a regional service centre servicing the wider Gippsland Region. However, other centres in Latrobe City are facing challenges, examples include the recent closure of Coles and Target in the Mid Valley Shopping Centre in Morwell and the high rate of retail shopfront vacancies observed in the Moe and Morwell CBDs.

### **Strategic Policy Context**

Existing policy provides a comprehensive strategic basis for the future growth of Latrobe City and its centres. The Local Planning Policy Framework (LPPF) provides guidance on the design and development of centres, while numerous strategic documents identify future long-term opportunities for new centres. In particular, Clause 21.07-2 of the Latrobe Planning Scheme outlines a series of objectives associated with the location of retail activities, the establishment of a network of activity centres to the needs of the community, and the need to facilitate the growth of Morwell, Moe, Traralgon and Churchill Town Centre.

The Retail Strategy will build upon the existing strategic policy framework.

### **Population Growth Forecasts**

‘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 a robust Retail Strategy. Population forecasts for Latrobe City and study regions 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.

Latrobe City’s population is forecast to increase from 75,140 persons in 2018 to approximately 83,860 persons by 2033, representing an increase of +8,720 persons over the 15 years. Average growth per annum for the municipality over 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 primacy of Traralgon as Latrobe’s population growth centre is forecast to continue broadly in-line with historic trends. Traralgon is forecast to accommodate around 62% of Latrobe City’s total population growth to 2033. A detailed overview of forecast population growth in Latrobe City is provided by Chapter 5.

### **Retail Hierarchy**

Latrobe City’s existing retail hierarchy consists of the following:

- Regional Retail Centre: Traralgon CBD
- Sub-Regional Retail Centres: Moe CBD, Morwell CBD and Mid Valley Shopping Centre.
- Large Town Centre: Churchill
- Neighbourhood Centres: Including the existing centre of Newborough, approved centre at Traralgon North and potential centres in Traralgon East, Traralgon South East and Traralgon West.
- Small Town Centre: Glengarry, Yallourn North, Boolarra, Yinnar, Tyers, Traralgon South, Toongabbie.
- Local Centres: Numerous existing and potential.

- Homemaker Precincts: Argyle Street (Traralgon East) and Morwell East.

An overview of Latrobe City's retail hierarchy including the definition and role for each of categories is provided in Chapter 7.

### ***Occupied Retail Floorspace***

Currently, approximately 227,190m<sup>2</sup> of occupied retail floorspace exists in centres within Latrobe City comprising the following:

- 49,940m<sup>2</sup> of Food, Liquor and Grocery (FLG) retail floorspace (or 22% of total occupied retail floorspace)
- 27,360m<sup>2</sup> of Food Catering retail floorspace (or 12% of total occupied retail floorspace)
- 149,890m<sup>2</sup> of Non-Food retail floorspace (or 66% of total occupied retail floorspace).

The largest individual centres/precincts for occupied retail floorspace are: Traralgon CBD with 62,470m<sup>2</sup>; Argyle Street Homemaker Precinct (Traralgon East) with 43,440m<sup>2</sup>; Moe CBD with 34,930m<sup>2</sup>; Morwell CBD with 31,280m<sup>2</sup>; and Mid Valley Shopping Centre with 24,520m<sup>2</sup>.

### ***Vacant Retail Floorspace***

The Latrobe City's retail vacancy rate is estimated at 10.8% of total floorspace, which is above the vacancy level desired for a large regional retail network such as that operating in Latrobe City. Traralgon has the lowest overall vacancy level of Latrobe City's three major towns (6.9%) reflecting the town's primacy as a focal point for population growth and retail investment.

In contrast, the following centres are contributing to a high overall vacancy rate for Latrobe City:

- Mid Valley Shopping Centre, has a vacancy rate of 21.9% influenced by the recent closure of Target and Coles.
- Morwell CBD, with a vacancy rate 16.3% which includes a high (29.9%) vacancy rate for shopfronts located to the north of the railway line. Areas of the CBD to the south of the railway line have a lower vacancy rate of 9.4%.
- Moe CBD, which has a vacancy rate 10.9% influenced by a concentration of vacant shopfronts located to the south of the railway line.

### ***Retail Sales and Market Shares***

In 2018, activity centres in Latrobe City achieved total retail sales estimated at approximately \$1,160m, representing an average trading level of approximately \$5,120/m<sup>2</sup> (expressed in 2018 dollars and inclusive of GST). Accounting for a share of retail spending escaping to other centres and a share of sales captured from visitors to Latrobe City, it is estimated that Latrobe

City retailers 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.

### ***Future Retail Development Opportunities***

Demand for approximately +42,000m<sup>2</sup> of additional retail floorspace is forecast over the 2018 to 2033 period, comprising:

- +4,200m<sup>2</sup> of food, liquor and grocery (FLG) retail floorspace to accommodate new or expanded supermarkets and specialty food, liquor and grocery stores;
- +3,100m<sup>2</sup> of food catering retail floorspace, comprising new cafés, restaurants and takeaway food stores; and
- +35,000m<sup>2</sup> of non-food retail floorspace, which may comprise the development of additional speciality non-food retailers, retail services and bulky goods retailing.

This additional floorspace is anticipated to present the following retail development opportunities over the next 15 years:

- Support for approximately 9,200m<sup>2</sup> of retail floorspace not yet developed in Latrobe City that has planning approval. Note, the Traralgon North Neighbourhood Activity Centre (Marshall Road) has planning approval for 4,700m<sup>2</sup> of retail floorspace, or approximately 51% of approved floorspace yet to be developed in Latrobe City. This Centre is expected to be developed in the near-term and would accommodate a Woolworths supermarket.
- Potential to occupy up to approximately 10,000m<sup>2</sup> of vacant floorspace in Moe CBD, Morwell CBD and Mid Valley Shopping Centre.
- Incremental growth in food catering floorspace is expected to occur as activity centres continue to evolve into more important social and meeting places with growing café and dining options.
- The potential for development of Commercial 2 Zoned land in Traralgon and Morwell as dedicated bulky goods retail precincts.

### ***Development of New Centres in Growth Areas***

Numerous neighbourhood centres have been identified in Traralgon's growth areas to the east, south-east and west of the existing urban footprint. Demand for these identified centres is unlikely to eventuate over the next 15 or so years. In essence, there is unlikely to be sufficient demand to accommodate new FLG retail development at these sites. Note, the projected demand for an additional +4,200m<sup>2</sup> will be likely be exhausted in the near term by the development of the approved Traralgon North Neighbourhood Activity Centre.

However, these centres should continue to be identified in the retail hierarchy as *potential centres*, with details regarding the centre size, exact location, and timing determined when local area planning occurs. Market demand and potential impact on the retail hierarchy of any new centres should be assessed at the time of rezoning or planning application.



# INTRODUCTION

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## Background

Latrobe City Council has engaged Essential Economics and Ethos Urban to prepare the Latrobe City Retail Strategy (the Retail Strategy), which provides a strategic basis to co-ordinate the future planning and development of Latrobe City's retail sector and activity centres.

The previous municipal-wide strategic assessment of the Latrobe City's retail sector was the *Latrobe City Council Retail Strategy Review*, undertaken by Macro Plan In 2007. Now is an opportune time to prepare a new Retail Strategy, given the passage of time (11 years), changes in the strategic planning context at both a state and local level, and new trends affecting the retail sector.

## Project Objectives

The main objectives of this project are as follows:

- 1 To prepare a Retail Strategy that will guide retail planning and development in the City over the next 15 years.
- 2 To provide an indication of the retail development opportunities for the City to 2033, including the quantum and type of new retail floorspace that may be supported.
- 3 To provide guidance on the appropriate location, format and timing of future retail development.
- 4 To identify a retail (or centres) hierarchy that will guide the future planning and development in the City of Latrobe.
- 5 To identify and make recommendations for modifications to the Local Planning Policy Framework within the Latrobe Planning Scheme to enhance the economic activity within the area and to provide guidance for assessing development applications.

## Report Format

The Retail Strategy comprises two main documents: A **Background Report** (this document) which provides an analytical basis and background research; and the **Retail Strategy** that will provide the vision, objectives and actions to guide future decision-making with respect to retail centre development.

In addition, statutory planning input is provided by Ethos Urban regarding possible modifications to the Planning Policy Framework arising from recommendations and actions outlined in the Retail Strategy.

Preparation of this Background Report was informed by detailed fieldwork – including a survey of retail floorspace of Latrobe City retail centres – undertaken by the Consultant in September

2018, as well as stakeholder engagement workshops and one-on-one interviews with local businesses and government representatives (undertaken in October 2018). During this consultation the issues and opportunities associated with Latrobe City's retail and activity centres was discussed.

Specifically, this Background Report comprises two parts:

- **Part A – Background Report and Analysis** – outlines the locational, economic, development and policy aspects that currently influence the planning and development of retail and activity centres in Latrobe City.
- **Part B – Centre Profiles** – provides an overview of each main retail centre in Latrobe including layout, key statistics, issues and opportunities.

## Terms and Definitions

### Retail Activities

Retail activity is defined according to the Australian Bureau of Statistics (ABS) classification adopted for the 1991/92 Retail and Services Census but excludes garden supplies, marine equipment and motor vehicle and related traders. This definition of retail is consistent with the normal practice for undertaking retail-economic analysis in Australia.

### Retail Categories

For the purpose of this Retail Strategy, estimates of retail floorspace, spending and sales are provided in the following retail categories:

- **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, video hire, dry cleaning, etc.

### GST

All spending and turnover figures expressed in this report are inclusive of GST.

### Activity Centres

Activity centres are hubs where people shop, work, meet, relax and often live – they range from local shopping strips to larger activity nodes including white collar employment, community services and regional shopping malls. The State planning framework identifies four main activity centre categories: Metropolitan Activity Centres, Major Activity Centres, Regional

Activity Centres and Neighbourhood Activity Centres (refer [www.planning.vic.gov.au/policy-and-strategy/activity-centres/activity-centres-overview](http://www.planning.vic.gov.au/policy-and-strategy/activity-centres/activity-centres-overview)).

### **Retail Centres**

Retail centres are shopping strips or nodes where people traditionally undertake ‘bricks and mortar’ shopping activities. Retail centres in Latrobe City are the specific focus of this Retail Strategy.

Individual retail centres form part of a centres hierarchy which describes the complementary role and function of individual retail centres within a defined region. The retail centres hierarchy in Latrobe City as well as the role and function of individual retail centres is discussed in Chapter 7 of this Report.

**PART A: BACKGROUND REPORT &  
ANALYSIS**

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# 1 REGIONAL CONTEXT

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This Chapter provides an overview of Latrobe City’s regional location and history. Reference is also made to individual Study Regions within the City that have been identified for the purposes of analysis and discussion.

## 1.1 Latrobe City Overview

Latrobe City is located in the Gippsland region of Victoria and is just under two hours’ drive from metropolitan Melbourne. The City encompasses an area of some 1,426 square kilometres and extends south from the foothills of Mount Baw Baw region to cover the Latrobe Valley and areas of the Strzelecki Ranges, as shown in Figure 1.1.

The Latrobe City is a networked ‘regional city’ encompassing the major towns of Moe – Newborough, Morwell, Traralgon, and Churchill. This unique settlement structure of four regional (major) towns in relatively close proximity is a legacy of brown coal mining and electricity generation activities in the Latrobe Valley.

In conjunction with the major towns listed above, the smaller townships of Yallourn North, Tyers, Glengarry, Toongabbie, Yinnar, Boolarra and Traralgon South are also located in the municipality and have been assessed as part of this study.

The Latrobe Valley is synonymous with coal mining and electricity generation. These activities were the historic backbone of the Valley’s economy and employment from the post World War 1 era. At its peak in 1988, the electricity industry in the Latrobe Valley employed almost 9,900 persons. Subsequently, the privatisation of the sector in the early 1990s – notably the break-up of the State Electricity Commission (SEC) and the closure of aging power plants has contributed to a decline in local jobs in the electricity sector. Today, Loy Yang A and B and Yallourn W are the only brown coal-fired power stations operating in the Latrobe Valley. These stations are supplemented by two smaller natural gas-fired stations at Morwell (Jeeralang) and Traralgon (Valley Power).

The last 25+ years has seen the Latrobe City undergo an economic transition to a more diverse employment base. Electricity, Gas, Water & Waste Services (ABS definition) is now the 5<sup>th</sup> highest sector for employment in the Latrobe City accommodating 7.5% of the total work force, behind Health Care & Social Assistance (16.4%), Retail Trade (11.6%), Public Administration & Safety (8.7%) and Education & Training (8.3%) (further details provided in Chapter 2 and Chapter 6 of this Report). Indeed, the diversity of the employment base is now an economic strength of Latrobe City.

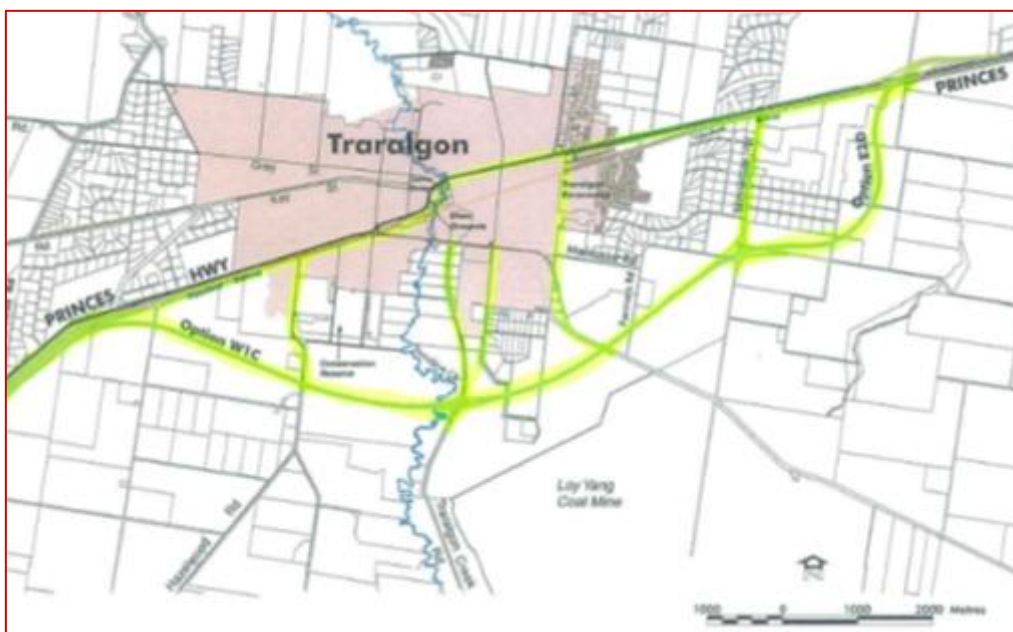
The Princes Highway extends east-west through Latrobe City and is the main transport artery linking Melbourne to Gippsland, the south coast of New South Wales and southern Sydney.

While Moe-Newborough and Morwell are bypassed by the Highway, Traralgon is not – contributing to the CBD capturing sales from ‘passing traffic’. A bypass of Traralgon has been planned for some years; in 2009 an alignment was gazetted via an amendment to the Latrobe

Planning Scheme (see Figure 1.1 below) and at present a business case is being developed by VicRoads. The Latrobe Valley is also connected to metropolitan Melbourne via the VLine Train service, with some 20 services per weekday departing Traralgon (as well as stopping at Morwell and Moe) for Melbourne.

Over the past two decades, Traralgon has evolved to become the major retail destination in Latrobe City. Other major towns – Moe, Morwell and Churchill provide differing retail offers and quantities of retail floorspace, while limited convenience-based retailing is provided in smaller townships.

**Figure 1.1: Traralgon Bypass Alignment**



Source: VicRoads

## 1.2 Study Regions

Five study regions have been identified in Latrobe City to inform analysis and discussion. The study regions correspond to the SA2 statistical geographies (as defined by the ABS) and are described as follows:

- Northern Region – comprising the most northern portion of the municipality and includes the townships of Toongabbie, Glengarry, Tyers and Yallourn North.
- Moe-Newborough Region – encompassing the townships of Moe and Newborough, and surrounding land including Moe South and Yallourn Open Cut areas.
- Morwell Region – comprising the township of Morwell and surrounding land.
- Traralgon Region – contains Traralgon as well as surrounding land to the north, east and south.

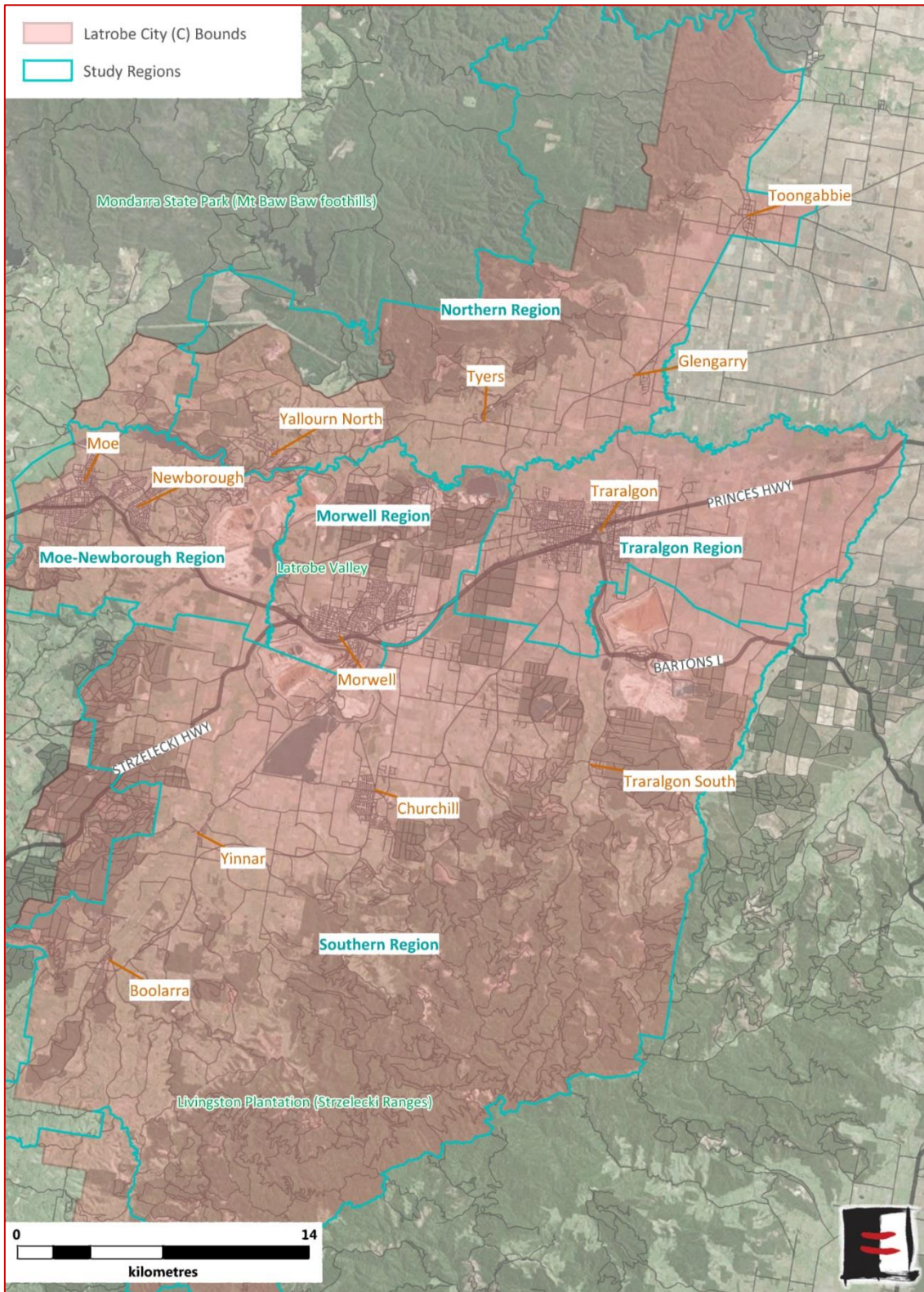
- Southern Region – comprising the balance of the municipality which extends south from the Moe-Newborough, Morwell and Traralgon urban corridor and includes the town of Churchill, as well as the smaller townships of Yinnar, Boolarra and Traralgon South.

The identified study regions broadly reflect the boundary of Latrobe City; however, they do not align exactly. Accordingly, the difference (or balance) between the study regions (as a whole) and Latrobe City is shown in statistical tables where appropriate.

The Study Regions are shown by Figure 1.2 on the following page.



Figure 1.2: Regional Context and Study Regions



Essential Economics with MapInfo, Bing Maps & StreetPro



## 2 IMPORTANCE OF RETAILING AND ACTIVITY CENTRES TO LATROBE CITY

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‘Activity centres’ are hubs where people shop, work, meet, relax and often live – they range from local shopping strips to larger activity nodes including white collar employment, community services and regional shopping malls.

A successful retail sector is critical to the viability and vitality of activity centres. As the dominant land use within most activity centres, retailing attracts significant patronage to a centre which supports many other commercial, community, civic and entertainment uses.

Land use policies, both in Victoria and across Australia generally, promote activity centres as the focus for intensive retail and white-collar commercial activity and employment. Beyond their economic function, activity centres also play an important civic and social role by providing places and opportunities for members of the community to meet and interact. This can be particularly important for smaller towns in regional areas where the contact and communication between residents is paramount to community well-being.

The retail sector in Latrobe City employed some 3,540 persons in 2016, providing 11.6% of total employment. Retail is the second largest sector in the Latrobe City economy in employment terms, behind only Health Care and Social Assistance (approximately 5,020 jobs in 2016). An overview of jobs by industry that are located in Latrobe City is shown in Table 2.1.

Although, retail is the sector most closely associated with activity centres, a wide range of other economic activities, including commercial and public sector offices, professional services, community services and civic infrastructure (libraries etc) are also often accommodated in centres. In combination, sectors or activities which often locate in activity centres accommodated 50.9% of jobs in the Latrobe City in 2016 and accounted for 49.8% of total job growth that occurred in Latrobe City between 2011 and 2016. In reality, some of these jobs will be in locations outside activity centres; however, the data indicates the importance of activity centres as major drivers of economic activity and job creation in Latrobe City.

In addition to supporting viable activity centres and contributing to local economies, retailing also performs the critical function of distributing goods and services to community. A well-planned retail centre hierarchy provides these goods and services in a convenient and efficient manner.

The retail sector also plays an important role by providing entry level jobs opportunities for persons with limited qualifications. A retail job is often first workplace experience for many young people – typically on a casual basis while still attending secondary school. Retail also provides employment opportunities for mature age persons with limited qualifications.

**Table 2.1: Jobs by Industry, Latrobe City, 2011-16**

Industry	2011 (No.)	2016 (No.)	2016 (%)	Regional Victoria (2016) (%)	Change, 2011-2016
<b>Often Located in Activity Centres</b>					
<b>Retail Trade</b>	<b>3,300</b>	<b>3,540</b>	<b>11.6%</b>	<b>11.3%</b>	<b>+240</b>
Accommodation & Food Services	1,580	2,030	6.6%	7.6%	+450
Financial & Insurance Services	600	550	1.8%	1.8%	-50
Rental, Hiring and Real Estate Services	320	400	1.3%	1.1%	+80
Professional, Scientific & Technical Services	970	1,120	3.7%	4.0%	+150
Public Administration & Safety	2,220	2,650	8.7%	6.1%	+430
Health Care & Social Assistance	4,050	5,020	16.4%	15.3%	+970
Arts & Recreation Services	<u>220</u>	<u>290</u>	<u>0.9%</u>	<u>1.5%</u>	<u>+70</u>
<b>Sub-total</b>	<b>13,260</b>	<b>15,600</b>	<b>50.9%</b>	<b>48.7%</b>	<b>+2,340</b>
<b>Other Industries</b>					
Manufacturing	2,580	2,170	7.1%	8.5%	-410
Construction	1,900	2,080	6.8%	6.9%	+180
Wholesale Trade	600	480	1.6%	2.1%	-120
Transport, Postal & Warehousing	860	1,040	3.4%	3.6%	+180
Agriculture, Forestry & Fishing	470	630	2.1%	8.1%	+160
Mining	340	480	1.6%	0.6%	+140
Electricity, Gas, Water & Waste Services	1,510	2,310	7.5%	1.5%	+800
Information Media & Telecommunications	250	300	1.0%	0.9%	+50
Administrative & Support Services	570	740	2.4%	2.5%	+170
Education & Training	2,390	2,550	8.3%	9.0%	+160
Other Services	900	1,130	3.7%	3.7%	+230
Industry not classified	<u>190</u>	<u>1,110</u>	<u>3.6%</u>	<u>3.9%</u>	<u>+920</u>
<b>Sub-total</b>	<b>12,560</b>	<b>15,020</b>	<b>49.1%</b>	<b>51.3%</b>	<b>+2,460</b>
<b>Total</b>	<b>25,820</b>	<b>30,620</b>	<b>100%</b>	<b>100%</b>	<b>+4,800</b>

Source: ABS Census of Population & Housing 2011 & 2016; ABS Table Builder



## 3 STRATEGIC POLICY CONTEXT

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The prevailing development and planning context for retail and activity centres in Latrobe City is framed by a range of planning documents and strategies.

In an overall sense, it is evident that a policy aspiration exists 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.

While numerous documents refer to activity centre, retail and settlement hierarchies, a need exists to provide a clear centre hierarchy for Latrobe City. This will take into consideration the strategic directions identified in current planning policy, the existing role and function of centres, and the implications of future growth.

This Chapter provides an overview of the State and Local Planning Policy Framework which informs retail and activity centre planning and development in Latrobe City.

### 3.1 Planning Policy Framework (PPF)

The recent Amendment VC148 (July 2018) has implemented changes to the Victoria Planning Provisions (VPP) and planning schemes. As noted in Planning Advisory Note 71 (Department of Environment, Land, Water and Planning):

*"The Amendment implements the first stage of the new Planning Policy Framework (PPF) which replaces the existing State Planning Policy Framework (SPPF). In future the PPF will, in conjunction with the new Municipal Planning Strategy (MPS), also replace the Local Planning Policy Framework (LPPF) in each scheme. The PPF enables all policy content in planning schemes to be merged into a single source." (p1)*

Effectively, the PPF and MPS are intended to work together to form the strategic basis of each municipality's planning scheme. The discussion of State and Local Policy in this report has been undertaken in view of the changes to the Latrobe Planning Scheme as a result of Amendment VC148. It is noted that Latrobe City Council is yet to translate its Local Planning Policy Framework into the new MPS and PPF format. As such, the objectives of Council's current planning scheme remain relevant.

Strategies and strategic guidance within the PPF that are relevant to this Retail Strategy include those identified below:

- **Strategic support for Latrobe City as a regional city serving Gippsland:** *"Support urban growth in Latrobe City as Gippsland's regional city, at Bairnsdale, Leongatha, Sale, Warragul/Drouin and Wonthaggi as regional centres, and in sub-regional networks of towns" (Clause 11.01-1R)*
- **Support for small towns to continue to remain viable centres providing local services:** *"Support the continuing role of towns and small settlements in providing services to their*

*districts, recognising their relationships and dependencies with larger towns” (Clause 11.01-1R)*

- **Support for vibrant activity centres that respond to changing markets:** *“Create vibrant and prosperous town centres that are clearly defined and provide commercial and service activities that respond to changing population and market conditions” (Clause 11.01-1R)*
- **Support redevelopment of centres subject to future growth including Traralgon, Morwell and Mid Valley:** *“Support redevelopment initiatives in commercial centres that will be subject to significant growth (Traralgon, Morwell Mid Valley, Warragul, Wonthaggi, Leongatha, Sale and Bairnsdale) to improve their attractiveness and usability” (Clause 17.02-1R)*
- **Encourage retail and commercial development that meets the community needs** including the following strategies identified in Clause 17.02-1S:
  - *Plan for an adequate supply of commercial land in appropriate locations*
  - *Provide new convenience shopping facilities to provide for the needs of the local population in new residential areas and within, or immediately adjacent to, existing commercial centres*
  - *Provide small scale shopping opportunities that meet the needs of local residents and workers in convenient locations*
  - *Apply a five-year time limit for commencement to any planning permit for a shopping centre or shopping centre expansion of more than 1000 square metres leasable floor area.*

### 3.2 Local Planning Policy Framework

Clause 21.07-2 (Key Issues – Activity Centre) within Latrobe City’s Local Planning Policy Framework (LPPF) outlines key issues, objectives and strategies for activity centre planning in the municipality. This Clause provides local content to support Clause 17 (Economic Development) of the PPF.

Clause 21.07-2 notes that Latrobe City is the ‘retail centre’ for Gippsland and accommodates:

- Traralgon Primary Activity Centre
- Churchill Primary Activity Centre
- Mid Valley Shopping Centre in Morwell
- Stockland Plaza in Traralgon
- Moe Central Activity District (CAD)
- Morwell CAD.

Clause 21.07-2 goes on to state among other aspects that:

- Council supports the existing main town neighbourhood and small-town retail centres and no new centres should be supported unless demand can be generated, as well as substantiating that existing centres would not be detrimentally affected.
- Increases in retail floorspace provision should focus on increasing the vibrancy of town centres so that centres continue complementing one another and there is an opportunity to better define the retail hierarchy through a municipal wide retail strategy.

Clause 21.07 also notes that the *Latrobe City Bulky Goods Retail Sustainability Assessment* (2009) led to the identification of two new bulky goods sites at Princes Drive, Morwell and Princes Highway and Stammers Road, Traralgon, to decrease the level of expenditure leaking to competing centres outside of Latrobe. Both sites are now zoned for bulky goods development (Commercial 2 Zone); however, development of this nature is yet to occur at either site.

Objectives and selected strategies identified by Clause 21.07-2 comprise:

- **Objective 1** – Identify appropriate locations for retailing activities
  - Implement any Latrobe City adopted retail land use strategy.
  - Encourage neighbourhood shops providing local convenience goods and services in locations accessible to local communities in accordance with Structure Plans and endorsed development plans.
  - Encourage new shops that do not significantly detract from the function of the existing major retail centres.
  - Encourage increased residential densities around neighbourhood activity centres.
  - Encourage strong pedestrian and public transport connectivity to and between the neighbourhood and local activity centres.
  - Encourage the distribution of new bulky goods retailing to occur in Princes Drive, Morwell and Princes Highway and Stammers Road, Traralgon East in accordance with the Morwell and Traralgon Structure Plans.
  - Discourage ‘out-of-centre’ large format supermarkets and retail developments, unless demand can be demonstrated, as well as substantiating that existing centres would not be detrimentally affected.
  - Provide for localised convenience retailing.
- **Objective 2** – Establish a network of activity centres which satisfy a range of retail, commercial, community and residential needs
  - Encourage a mix of retail, office, commercial, entertainment, leisure and community uses, and medium density housing to locate within activity centres.
  - Encourage increased intensity and scale of development within defined activity centres.

- **Objective 3** – Facilitate the growth of the Morwell, Moe, Traralgon and Churchill Town Centres.
  - Implement any Latrobe City adopted town centre activity plans.
  - Encourage a diverse range of land uses including accommodation, office, retail, food and drink, transport, leisure, civic and community uses.
  - Encourage high quality, accessible and environmentally sustainable design.
  - Provide coordinated walking, cycling, pedestrian and vehicular movement.
  - Identify and encourage the development of an integrated high-quality public transport interchange.
  - Provide well located and accessible car parking areas in the centre.

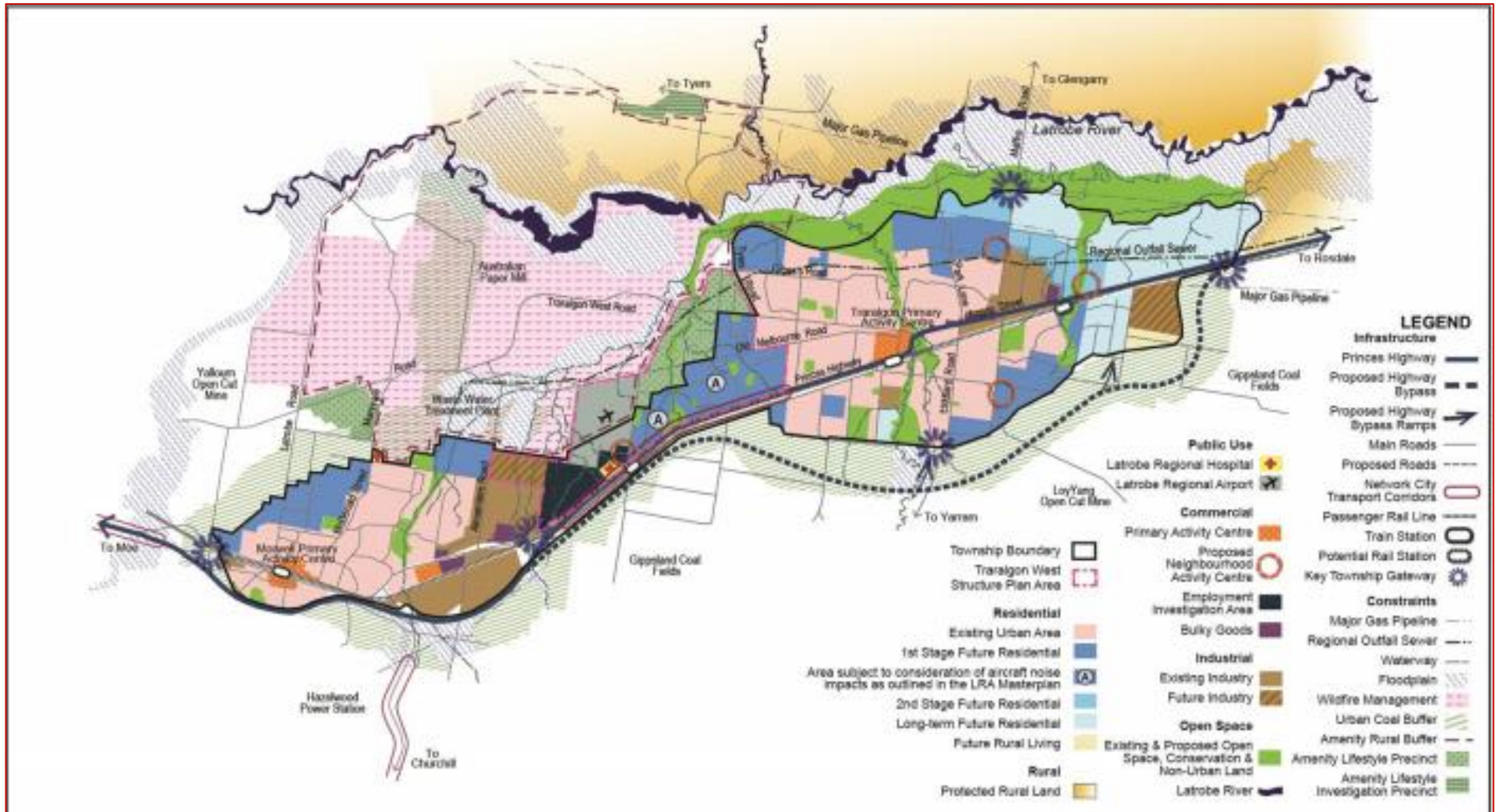
Clause 21.07 provides a sound strategic basis for the future planning and development of Latrobe City’s retail sector and activity centres. The Clause also identifies the need for a contemporary retail strategy that better defines a retail hierarchy for Latrobe City. This Background Report provides a description of the existing retail hierarchy.

Clause 21.02 (Housing and Settlement) provides an overview of the key issues relating to urban growth, including the future growth of main towns of Moe, Morwell, Traralgon and Churchill which are recognised as being part of a ‘networked city.’ The Clause identifies that each town has its own specific role, including:

- Moe as a service centre;
- Morwell as a centre for government offices and industry;
- Traralgon as a commercial centre; and
- Churchill as a university town.

The Traralgon-Morwell Growth Framework Plan is included in Clause 21.02 (reproduced in Figure 3.1 on the following page) and illustrates the future growth areas which will eventually ‘join’ the townships of Morwell and Traralgon. The Framework Plan also identifies potential for new neighbourhood centres in Traralgon West, Traralgon East, Traralgon South East and Traralgon North (Marshalls Road). The Traralgon CBD, Morwell CBD and Mid Valley Shopping Centre are identified as ‘Primary Activity Centres’.

Figure 3.1: Traralgon-Morwell Growth Framework Plan



Source: Latrobe Planning Scheme (Clause 21.02)



### 3.3 Live Work Latrobe

*Live Work Latrobe* comprises three complementary strategies – the Housing Strategy, Rural Land Use Strategy, and an Industrial and Employment Strategy which provide the strategic and analytical basis to inform the municipality’s long-term growth and development. *Amendment C105* to the Latrobe Planning Scheme proposes to implement the recommendations of each Strategy through a range of policy, zone and overlay changes to:

- Ensure the right locations for new and varied housing types
- Provide approximate locations for new and transitioning industries
- Support current and emerging rural industry investment.

At present *Amendment C105* is in the post-exhibition stage and awaiting a Panel Report.

The Live Work Latrobe – *Housing Strategy* (2017) undertaken by a consultant team comprising Planisphere (now Ethos Urban), RMCG and MacroPlanDimasi, is of most relevance to this Retail Strategy. Of note, the Housing Strategy outlines key trends that will shape housing growth and development over the next 15 years, including:

- **Housing Growth** – The population is forecast to grow by some +8,560 persons or (11.6%) to accommodate 82,460 persons by 2030
- **Demographic Change and Housing Diversity** – The demographic profile of Latrobe is forecast to become significantly skewed to older age groups. Accordingly, the provision of appropriate housing diversity will be needed to support demographic trends.
- **Housing Affordability** – Latrobe is currently the seventh most disadvantaged municipality in the State and most disadvantaged regional City according to the Social Economic Indexes for Areas (SEIFA) reflecting an ongoing need for the provision of affordable housing in the municipality.

The Housing Strategy outlines a Settlement Hierarchy which defines the role, relationships and interdependencies of different settlements, noting that *Live Work Latrobe* seeks to grow the City’s population to 100,000+ people over the next 30 years.

Within the identified Settlement Hierarchy, the following three levels of residential growth are outlined for settlements:

- **Promote growth** – Pro-actively encourage and facilitate opportunities for major-scale development in areas identified for future growth. Traralgon-Morwell, Moe-Newborough and Churchill have been identified as the locations to promote growth.
- **Support growth** – Support growth consistent with Structure Plans and/or settlement boundaries for the area.
- **Manage growth** – Support small scale residential development and change.

While the ‘Settlement Hierarchy’ identified in the Housing Strategy does not directly correlate to a Retail or Activity Centre Hierarchy, it does provide guidance regarding Council’s future



intentions for each township including planned population. This has a direct influence on the potential provision of services, including retail.

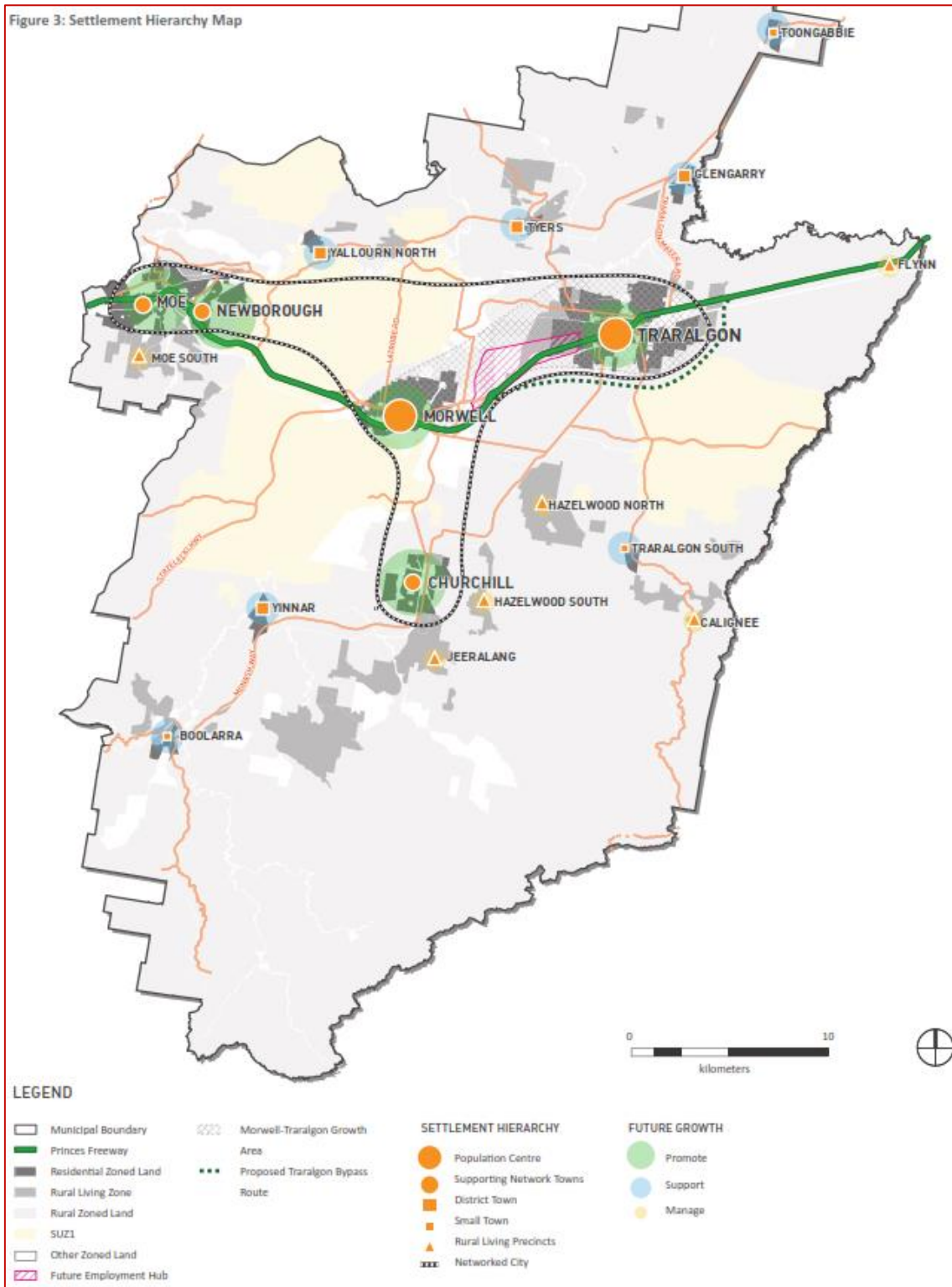
The Settlement Hierarchy is shown in Table 3.1 and Figure 3.2. Note, future urban growth is proposed to connect the discrete population centres of Traralgon and Morwell (see the Morwell-Traralgon Growth Area in Figure 3.3).

**Table 3.1: Live Work Latrobe – Settlement Hierarchy**

Type	Definition	Estimated Population	Town(s)	Future Growth
Primary Population Centre	The dominant residential, commercial and retail node within the City.	40,000-50,000	Traralgon-Morwell	Promote
Supporting Network Towns	The secondary residential, commercial and retail node within the City. Contains a moderate employment base.	10,000-20,000	Moe-Newborough, Churchill	Promote
District Towns	A key retail and service centres for a moderate population base. Contain a limited range of retail, education, health and recreational opportunities.	500-3,000	Glengarry, Tyers, Yallourn North, Yinnar	Support
Small Towns	Support small populations and provide a focal point for the surrounding rural community.	400-1,000	Boolarra, Toongabbie, Traralgon South	Support
Rural Living Precincts	Comprises a cluster of housing on smaller and average rural sized allotments with non-urban zones. No services are usually located within the settlement.		Flynn, Jeeralang, Hazelwood North, Hazlewood South, Calignee, Moe South, Yinnar South	Manage

Source: *Latrobe City Council, Live Work Latrobe – Housing Strategy (2018)*

Figure 3.2: Settlement Hierarchy Map



Source: Latrobe City Council, Live Work Latrobe – Housing Strategy (2018)

### 3.4 Traralgon Growth Areas Review – A Growth Area Framework (2013)

*Traralgon Growth Areas Review (TGAR) – A Growth Area Framework* was prepared by Hansen in 2013 and provides direction for the future strategic use and development of land on the fringes of Traralgon, along with areas in Morwell, Tyers and Glengarry. The project builds on the *Traralgon Structure Plan (2007)* as well as previous work undertaken by Parsons Brinkerhoff and the *TGAR Background Report* (undertaken by Hansen) to provide a framework for growth until 2051. The development of a structure plan for Traralgon West also formed part of the wider TGAR project and has been reviewed for the purposes of this study.

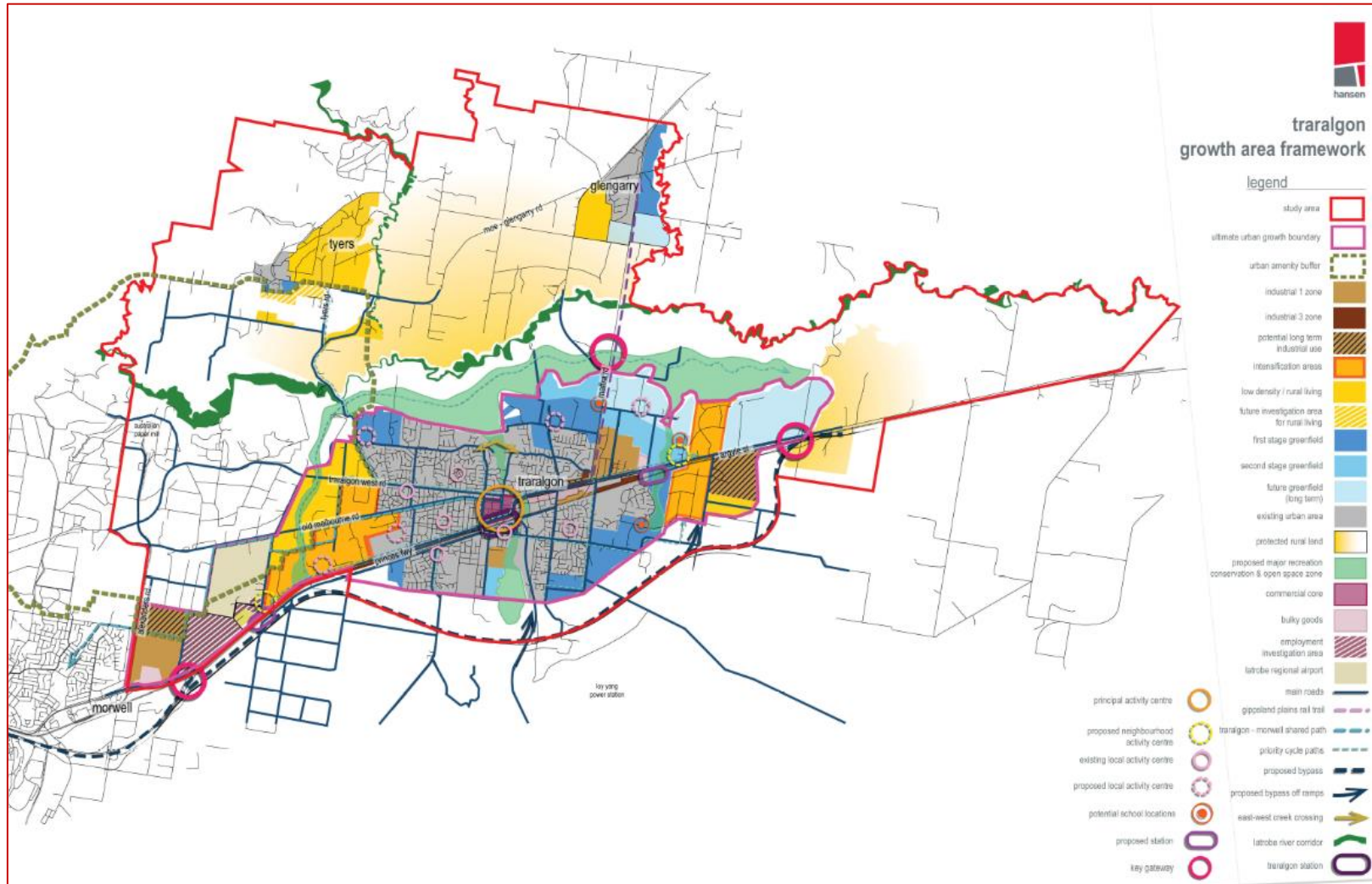
In the absence of a Retail Strategy and activity centre hierarchy, TGAR adopted the following hierarchy to describe activity centres in Latrobe City (p52):

- **Principle Activity Centre (PAC):** The main focus for a wide range of higher density commercial, community and residential uses. The Traralgon CBD is identified as the PAC.
- **Neighbourhood Activity Centre (NAC):** Centres which provide a more localised cluster of services and facilities including community uses, a supermarket, and local shops and personal services. These centres should not compete with the Principle Activity Centre.
- **Local Activity Centre (LAC):** Small centres containing individual shops, providing local convenience food shopping, takeaway food and personal services. Kindergartens and other more localised community uses may also be provided in such centres.

The Growth Area Framework is shown by Figure 3.3 and identifies potential new NACs in the eastern and western Traralgon growth areas. While the exact locations of these NACs is not defined in the TGAR, consideration for each site's proximity to residential areas, employment clusters, and access to planned transport with both locations adjoining proposed train stations have been taken into account. In addition to proposed NACs, numerous LACs are also proposed throughout Traralgon's growth area, while bulky goods retail development should be restricted to areas along the Princes Highway/Argyle Street to the east of the town centre and land to the east of Traralgon and in Morwell.

TGAR notes that *"this hierarchy should be further refined through a more targeted Activity Centre study"* (p. 52), and that *"the role and function of new NACs identified by the Growth Area Framework should be further defined through the preparation of an activity centre strategy for the broader Traralgon area"* (p 53).

Figure 3.3: Traralgon Growth Areas Review – Growth Area Framework Plan



Source: Hansen, Traralgon Growth Area Framework, 2013

### 3.5 Latrobe City Council Retail Strategy Review (2007)

In 2007, Latrobe City Council commissioned MacroPlan to prepare the *Latrobe City Council Retail Strategy Review*, which is the last municipal-wide strategic retail project. The objective of this piece of work was to review the future retail floorspace requirements for the municipality.

Relevant key findings from the Retail Strategy Review (2007) included the following:

- The majority of retailing in Latrobe is contained within four town centres, namely, Moe, Morwell, Traralgon and Mid Valley (in Morwell).
- High vacancy rates were identified in the centres of Morwell, Moe and Mid Valley.
- Potential exists for an additional 32,000m<sup>2</sup> of convenience, supermarket and specialty floorspace by 2021, with the floorspace to contribute to the vibrancy of the Traralgon, Moe and Morwell centres.
- Potential for additional neighbourhood level retailing in the growth areas of Traralgon and Morwell was identified.
- MacroPlan identified the potential for a dedicated bulky goods centre in the order of 15,000-20,000m<sup>2</sup> of floorspace.

Significant changes have occurred since the *2007 Retail Strategy Review* was completed which necessitate the need for a new Retail Strategy, including:

- Rezoning of land in Traralgon East and Morwell to accommodate bulky goods retailing
- Major retail developments including the Woolworths in Churchill, and ALDI stores in Traralgon (which has also relocated) and Morwell
- Approval of a neighbourhood centre at Marshalls Road Traralgon
- Recent closure of Coles and Target in Mid Valley
- Development of numerous structure plans and strategic projects
- The evolution of the retail sector which continuously responds to the changing preferences of consumers and new business models.

In addition to the points outlined above, the supply and demand analysis in the *Retail Strategy Review 2007* – including population and spending forecasts (demand side analysis) and floorspace and turnover surveys (supply side analysis) has been superseded by new data/information. Again, this speaks to the need for a new Retail Strategy to be undertaken for Latrobe City.

Note, the Latrobe Retail Strategy 2019 is a comprehensive up-to-date Retail Strategy which unlike the *Retail Strategy Review 2007* includes a separate Strategy and Implementation Plan document outlining an overarching vision, objectives, actions and implementation plans to guide future decision making with respect to retail development in the municipality.

### **3.6 Other Relevant Strategies and Plans**

Other strategies and plans that have been reviewed to inform the preparation of this Retail Strategy include:

- Latrobe City Council Economic Development Strategy 2016-2020
- Latrobe City Council Bulky Goods Retail Sustainability Assessment (2009)
- Traralgon West Structure Plan (2013)
- Morwell Traralgon Economic Corridor Precinct Masterplan (MTECT) (2018)
- Moe & Newborough Structure Plans (2015)
- Retail Analysis – Lake Narracan (2013)
- Small Town Structure Plans – Boolarra, Glengarry & Tyres (2009)
- Transit City Master Plan Volumes 1-5 (2007)
- Traralgon Activity Centre Plan (2018)
- Churchill Town Centre Plan (2010)
- Moe Activity Centre Plan (2007)
- Future Morwell Future Latrobe Valley (2016)
- Other Development Plans and Precinct Structure Plans for land in Latrobe City

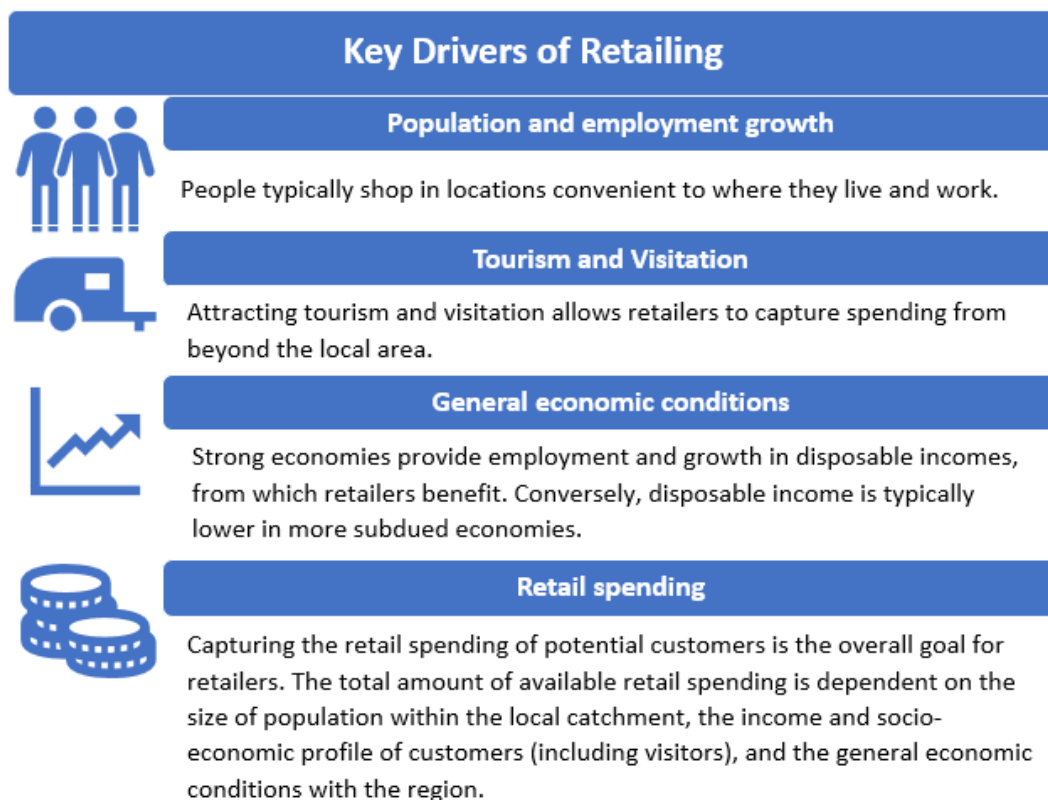
## 4 DRIVERS AND INFLUENCES FOR RETAILING IN LATROBE CITY

Broadly speaking, the prevailing retail centres environment of a defined region (such as Latrobe City) is informed by a range of drivers such as local population and spending growth, visitation, geographic settlement structures and general economic conditions; as well as a range of current trends including demographic changes, online shopping and new retail formats and market entrants.

Together, these factors contribute to a retail and centres environment that is dynamic and constantly changing. This is largely true for all municipalities across Australia; not just Latrobe City. Importantly, this inherent dynamism presents a challenge that planning framework's – both State and Local must provide an appropriate response.

### 4.1 Key Drivers and Influences of Retail Performance and Development


In general terms, the key 'drivers' of retail demand primarily influence the number of customers that visit a centre, as well as how much they spend. Key drivers include residential development and population growth, employment growth, tourism visitation, general economic conditions and the overall growth in available retail spending.






A number of other factors influence how the retail sector responds to demand in terms of the nature and location of retailing. These influences are described below.

## Key Influences of Retailing




### Geographic Settlement Patterns

Latrobe City's unique geographic settlement patterns of three large and integrated towns with very close proximity provides challenges regarding each centre's role and function.




### Consumer Trends

Consumer trends are always evolving, and retailers need to continuously adapt their operation to meet consumer need.




### Activity Centre Development Trends

Trends in how activity centres are developing can influence the performance of retailers. For instance, 'main-street' design and encouraging a genuine mix of uses is increasingly important.




### Quality of Retail Operators

Performance of retailers is inherently linked to the overall quality of the operator, and how they ensure their product and service meets the need of their target market.



### Centre Design and Amenity

Consumers are likely to spend more time and money in centres with attractive and comfortable urban environs contributing to the overall performance of retailers in these centres



### Competition

Competition includes the presence of competing centres and competition from other non-retail functions that may compete with retailing for a share of household incomes (e.g. holidays, entertainment, etc).

The performance of any individual retail business is heavily influenced by the quality of the operator and how they meet the needs and expectations of consumers.

The retail analysis presented in this Background Report, and the key directions presented in the Strategy take into account these key drivers and influences for retailing within Latrobe City. This ensures the Retail Strategy retains a practical appreciation of the nature of retailing, and the continuous evolution which occurs in the sector.



## 4.2 Current Retail Trends

A number of key global, national and regional trends need to be considered in assessing the future prospects for retail and activity centre development in Latrobe City. Relevant trends are outlined below.

### ***Demographic Changes***

The overall shopping behaviours of consumers are influenced by demographic changes, which include:

- **An ageing population**, including the increasing share of ‘baby boomers’, who are of retirement age and have shopping preferences very different to younger age groups, such as a preference for one-on-one interaction with bricks-and-mortar retailers.
- **Generation Xers** (born between 1965 and 1980) and younger generations typically have a stronger preference for on-line and mobile shopping.
- **Increased labour force participation by both parents**, with the result that many more families are ‘time-poor’ and have a greater demand for convenience shopping, extended shopping hours, and accessible centres where shopping can be undertaken in conjunction with other activities.
- **Smaller household units**, and a higher proportion of households with double income and no children.
- **Historically-high levels of household debt**, coupled with high rates of home ownership have an increased sensitivity to interest rate movements with implications for discretionary spending levels.
- **An increasingly diverse ethnic base**, is contributing to a wider diversity of consumer tastes and trends beyond the generic ‘western’ preferences. This trend is particularly apparent in areas attracting large numbers of new migrants.

### ***Online Shopping & Digital Platforms***

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.

A recent Special Report on E-Commerce prepared by The Economist (28 October, 2017) provides useful insights into online shopping. The report indicates that “*Over the past decade global e-commerce has been expanding at an average rate of 20% a year as bricks and mortar shops have languished*” (p3). In the USA, as the world’s largest consumer market, e-commerce

makes up 10% of total retail sales, with predictions that the share will reach around 15% by 2021.

The report also highlights how *“the two titans of the industry”* – Amazon in the USA and Alibaba in China – are *“bringing large-scale disruption not only to retailing but to a range of industries spanning logistics, entertainment, advertising and manufacturing”* (p4).

A key outcome with online shopping is that the consumer benefits from this ‘disruption’ to the retail sector. As The Economist states, consumers *“are enjoying a broader choice of goods and more price transparency than ever before. Instead of spending time traveling to shops, picking up goods and waiting in queues, they can now do other things. Companies no longer take them for granted but compete to offer them better products, greater convenience and improved services”* (p4).

The impact on bricks and mortar retail is 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. This includes grocery shopping, although in-store innovations associated with check-outs and automatic payments are changing the way people shop at supermarkets.

Overall, shops used to compete by offering a combination of selection, price, service and convenience, although today online shopping has the edge with many consumers in regard to selection and convenience.

Not surprisingly, the bricks and mortar retailers are now engaging in online shopping in what is termed ‘omni channel’ retailing. An example is the ordering of groceries online and having home delivery from the physical store. The use of mobile phone apps to purchase and order retail goods and services (e.g UberEats, Foodora, Skip, etc) is already impacting café-restaurant sector (primarily to the benefit of consumers). Further, previous online entities are now establishing a bricks and mortar presence in centres, thus bringing their goods and services to the public through showrooms.

The advent of international brands (especially in fashion) and online shopping has particularly contributed to increased pressure on department stores and discount department stores. A consequence is financial under-performance resulting in some brands closing or down-sizing stores.

### ***New Formats & Market Entrants***

Retailing in Australia is becoming more dynamic and competitive due to the emergence of new formats and market entrants. ALDI and Costco are examples of new market entrants that have impacted the Victorian retail landscape over the last ten years. Current market entrants of note in Victoria are German supermarket chain Kaufland and French sporting goods provider Decathlon.

Often the retail formats of new market entrants do not fit neatly within established planning policy frameworks and centre hierarchies. For instance, the Kaufland model store, at 5-6,000m<sup>2</sup> of gross leasable floorspace is substantially larger than current large-format supermarket typologies which typically range from 3,000m<sup>2</sup> – 4,000m<sup>2</sup> gross leasable floorspace. Accordingly, the Kaufland model require significantly larger sites (of around 2ha) which in some instances may limit their ability to located in established activity centres.

### ***Other Trends***

Other trends impacting the retail environment and activity centres include the following:

- Visiting activity centres has increasingly become a social and cultural experience. For many people, the retail sector is closely related to the desire for entertainment and social interaction. This has given rise to the concept of ‘recreational shopping’, which places retailing as part of a wider social and cultural experience rather than simply the purchase of goods and services.
- The popularity of traditional street-based retailing has benefited from the increased need for activity centres to meet social and cultural expectations. ‘Main-streets’ provide opportunities for retail and other commercial activities to integrate with public infrastructure such as parks, libraries, galleries, and administrative functions (e.g. Council and other Government offices).
- Activity centres are increasingly becoming the location for a wider range of activities in addition to the traditional core retail and commercial functions. Examples include:
  - Commercial services, such as travel, insurance and real estate agents
  - Professional services, such as legal and accounting practices
  - Health care, such as doctors, dentists, podiatrists and physiotherapists
  - Community services, including health providers, Government services, employment agencies and social support services
  - Hospitality, in the form of bars, cafes and restaurants
  - Entertainment facilities, cinemas, pubs/clubs, etc
  - Education, in particular adult and higher education.
- Small convenience-oriented centres have generally been in decline over at least the past two decades. These centres have traditionally provided a limited range of day-to-day convenience retailing to a local catchment. Increased competition for these centres has emerged from larger centres better serving a convenience role (e.g. self-service checkouts at supermarkets), as well as modern convenience stores attached to petrol stations.
- The work location for local residents is increasingly an important factor in where retail and other spending is directed. For those residents in the workforce, it is often convenient to undertake daily grocery shopping as part of the morning or evening

commute to work, at locations that are most accessible relative to the commute and the nature of the goods/services needed.

## 5 POPULATION TRENDS AND FORECASTS

This Chapter provides an overview of historic population trends in Latrobe City and study regions, as well as providing population forecasts for the next 15 years (2018-2033). Local population growth is a key driver of retail activity.

### 5.1 Historic Population Trends

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 5.1 below. In contrast, regional Victoria’s average annual population growth was significantly higher at +1.2% for the same period.

In 2017, the Traralgon Region’s population was 27,670 persons and was the largest of the five study regions. Moe-Newborough had a population of 16,830 persons, Morwell had a population of 14,010 persons, the Southern Region had a population of 11,580 persons and the Northern Region a smaller population of 4,650 persons.

As shown in Table 5.1, population growth in Latrobe City had largely been centred in the Traralgon Region, which increased by some +3,310 persons from 2007 to 2017, representing 85% of total population growth in Latrobe City over the period.

**Table 5.1: Historic Population Trends 2007-2017**

Category	2007	2012	2017	Av. Annual Change 2007-2017 (No.)	Av. Annual Change 2007-2017 (%)
Northern Region	4,450	4,490	4,650	+20	+0.4%
Moe – Newborough	16,920	16,900	16,830	-10	-0.0%
Morwell Region	13,980	14,270	14,010	+0	+0.0%
Traralgon Region	24,360	26,570	27,670	+330	+1.3%
Southern Region	<u>11,270</u>	<u>11,560</u>	<u>11,580</u>	+30	+0.2%
<b>Total (Study Regions)</b>	<b>70,980</b>	<b>73,790</b>	<b>74,740</b>	<b>+380</b>	<b>+0.5%</b>
<b>Latrobe City</b>	<b>71,050</b>	<b>73,760</b>	<b>74,920</b>	<b>+390</b>	<b>+0.5%</b>
<i>Regional Victoria</i>	<i>1,311,760</i>	<i>1,384,590</i>	<i>1,477,870</i>	<i>+16,610</i>	<i>+1.2%</i>

Source: ABS Estimated Residential Population (Cat: 3218.0)

While Traralgon is considered to be the centre for population growth within Latrobe City, the average rate of population growth between 2007 and 2017 of 1.3% per annum is broadly in-line with the rate of population growth experienced throughout regional Victoria of 1.2% per annum.

Beyond market demand, a range of factors have contributed Traralgon’s population growth relative to other study regions, including large land releases (due to Ministerial Amendments)

and availability of trunk infrastructure (water, sewage etc.) in developing areas of the town. In contrast, it is understood that approved growth areas in other major towns (e.g. Morwell) have not progressed due to infrastructure issues.

The populations of Moe-Newborough Region, Morwell Region and the Northern and Southern Regions remained relatively stable over the 10-year period to 2017.

## 5.2 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 primacy of Traralgon as Latrobe's population growth centre is forecast to continue broadly in-line with historic trends, with Traralgon Region's population forecast to increase from 27,920 persons in 2018 to 33,290 persons in 2033; equating to average growth of around +360 per annum or 1.2% annually.

The population in Moe-Newborough and Morwell is forecast to remain relatively constant between 2018 and 2023, from which time both regions are forecast to experience moderate population growth. Morwell's population is forecast to increase to 14,770 persons by 2033, while Moe-Newborough's population is forecast to increase to 17,930 persons.

Although Moe-Newborough and Morwell both offer 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 in these localities relies on the following:

- The extent to which property development can work as a catalyst for rejuvenation. Lake Narracan is identified as a future residential development opportunity which may act as a catalyst for development and growth of the Moe-Newborough Region.
- Land releases and the availability of trunk infrastructure to support development.
- Actively promote opportunities and attracting new investment in both towns.
- Potential investment in 'region shaping' public infrastructure such as high-speed rail.

The Southern Region of Latrobe City, which includes Churchill as well as a collection of smaller towns/villages and rural living areas is forecast to increase by some +1,240 persons between 2018 and 2033, with average annual growth of +80 persons per year (or 0.7%pa) – well above the historic 2007-2017 trend of 0.2% per annum.

This population growth would be significantly informed by uptake of rural-living lots and some residential development in Churchill.

Population in the Northern Region is forecast to remain relatively stable, increasing slightly from 4,650 persons in 2018 to 4,770 persons in 2033.

Population forecasts for Latrobe City and study regions are shown in Table 5.2 and 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).

**Table 5.2: Future Population Growth Trends, 2018-2033**

Category	2018	2023	2028	2033
<b><u>Population (No.)</u></b>				
Northern Region	4,650	4,670	4,720	4,770
Moe – Newborough	16,780	16,800	17,330	17,930
Morwell Region	13,960	13,970	14,350	14,770
Traralgon Region	27,920	29,430	31,310	33,290
Southern Region	<u>11,640</u>	<u>12,020</u>	<u>12,430</u>	<u>12,880</u>
<b>Total (Study Regions)</b>	<b>74,950</b>	<b>76,890</b>	<b>80,140</b>	<b>83,640</b>
<b>Latrobe City</b>	<b>75,140</b>	<b>77,100</b>	<b>80,350</b>	<b>83,860</b>
<i>Regional Victoria</i>	<i>1,490,630</i>	<i>1,577,660</i>	<i>1,667,570</i>	<i>1,761,560</i>
<b><u>Av. Annual Change (No.)</u></b>				
Northern Region		+0	+10	+10
Moe – Newborough		+0	+110	+120
Morwell Region		+0	+80	+80
Traralgon Region		+300	+380	+400
Southern Region		<u>+80</u>	<u>+80</u>	<u>+90</u>
<b>Total (Study Regions)</b>		<b>+390</b>	<b>+650</b>	<b>+700</b>
<b>Latrobe City</b>		<b>+390</b>	<b>+650</b>	<b>+700</b>
<i>Regional Victoria</i>		<i>+17,410</i>	<i>+17,980</i>	<i>+18,800</i>
<b><u>Av. Annual Change (%)</u></b>				
Northern Region		+0.1%	+0.2%	0.2%
Moe – Newborough		+0.0%	+0.6%	0.7%
Morwell Region		+0.0%	+0.5%	0.6%
Traralgon Region		+1.1%	+1.2%	1.2%
Southern Region		<u>+0.6%</u>	<u>0.7%</u>	<u>0.7%</u>
<b>Total (Study Regions)</b>		<b>+0.5%</b>	<b>0.8%</b>	<b>0.9%</b>
<b>Latrobe City</b>		<b>+0.5%</b>	<b>0.8%</b>	<b>0.9%</b>
<i>Regional Victoria</i>		<i>+1.1%</i>	<i>1.1%</i>	<i>1.1%</i>

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

### 5.3 Future Residential Growth Areas

Latrobe City has a large number of future residential growth areas, these are shown in Table 5.3 and Figure 5.1.

As shown in Table 5.3, current Development Plan (DP) areas have a capacity of some 5,750 lots or 16,200 persons when fully developed – assuming an average of 2.3 persons per lot. All

current DP areas where residential development has commenced are located at Traralgon, with the exception of Churchill West DP and Morwell West DP (Heritage Boulevard). It is understood that development at Waterloo Road Moe and Monash Views Newborough is close to commencing.

Also identified in Table 5.3 and Figure 5.1 are the approved future residential developments at Coalville Road and Narracan Meadows, which are both located in the Moe-Newborough Region. Both developments have secured a planning permit and a statement of compliance for development to commence, based on discussions with Council.

In addition, future residential land has been broadly identified by the following Precinct Structure Plan (PSP) – Traralgon South-East, Traralgon Inner South, Lake Narracan and Traralgon West.

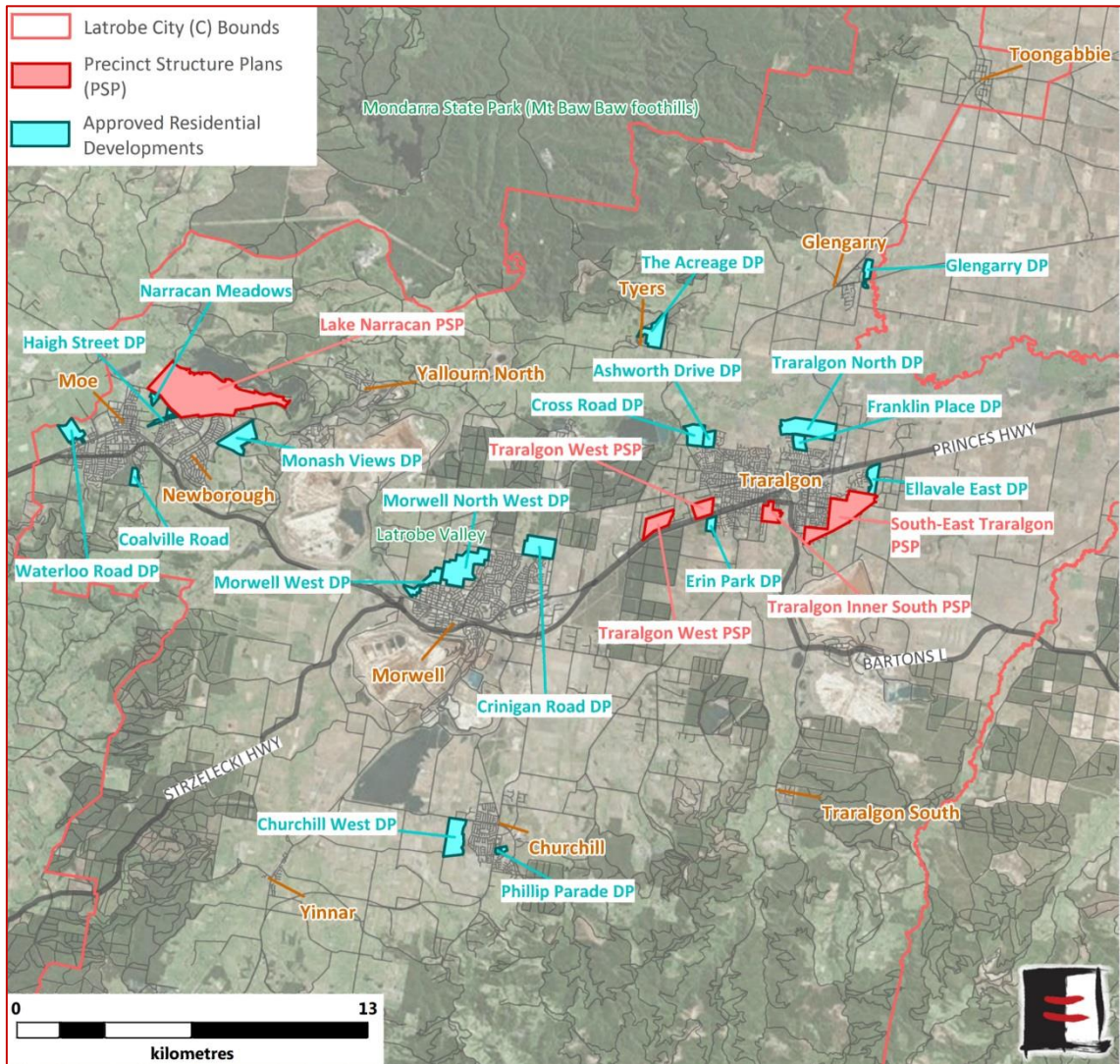
The potential supply of future residential land in Latrobe City (some additional 12,600 lots) could support an estimated +29,000 persons, as shown in Table 5.3. This doesn't include the potential lots (and population) that could be accommodated by Traralgon Inner-South and the Traralgon West PSPs – not to mention additional population in central Traralgon due to urban intensification or other future residential areas identified in TGAR (refer Figure 1.3).

Given that Latrobe City's population is forecast to increase by around +8,720 persons over the next 15 years (refer Section 5.2), the current residential land supply is sufficient to accommodate population growth well beyond the next 15-year horizon.

A key consideration in terms of future demand for retail development is that population growth is occurring and/or planned across a number of development fronts. This can make the provision of neighbourhood-level retail services difficult by diluting the critical mass of population within a specific area needed to support the viability of new centres or retail development.



Figure 5.1: Future Residential Growth Areas in Latrobe City



Essential Economics with MapInfo, BingMaps and Street Pro

**Table 5.3: Future Residential Growth Areas in Latrobe City**

Category	Lots	Persons*	Status
<b><u>Development Plans (DPs)</u></b>			
<b>Traralgon</b>			
Ellavale East	320	740	-
Franklin Place	330	760	Developing
Traralgon North	1,080	2,480	Developing
Erin Park	130	300	Developing
Ashworth Drive	150	350	-
Cross Road	680	1,560	Developing
<b>Morwell</b>			
Crinigan Road	790	1,820	-
Morwell West	460	1,060	-
Morwell North-West	1,310	3,010	-
<b>Moe-Newborough</b>			
Monash Views	220	510	-
Waterloo Road	520	1,200	-
Haigh Street	80	180	-
<b>Churchill</b>			
Churchill West	670	1,540	Developing
Phillip Parade	100	230	-
<b>Tyers</b>			
The Acreage	80	180	Developing
<b>Glengarry</b>			
Glengarry	130	300	-
<b>Total DP</b>	<b>5,750</b>	<b>16,220</b>	
<b><u>Other Approved Residential Development</u></b>			
<b><u>Areas</u></b>			
Narracan Meadows (Moe-Newborough)	70	160	-
Coalville Road (Moe-Newborough)	100	230	-
<b>Total Other'</b>	<b>170</b>	<b>390</b>	
<b><u>Precinct Structure Plans (PSPs)</u></b>			
<b>Traralgon</b>			
South-East Traralgon	1,660*	3,820	-
Traralgon Inner-South	-	-	-
Traralgon West PSP	-	-	-
Traralgon Golf Club (Traralgon West PSP)	-	-	-
<b>Other</b>			
Lake Narracan	3,720	8,560	-
<b>Total</b>	<b>12,600</b>	<b>28,990</b>	

Source: Latrobe City

Note: Figures rounded to nearest 10; Persons estimated assuming 2.3 persons per dwelling; \*Estimated by Essential Economics; ' / Dwelling yield subject to future planning

## 6 ECONOMIC OVERVIEW AND CONTEXT

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An overview of the broad range of economic aspects that frame Latrobe City's retail and activity centre context is provided by this Chapter. Reference is made to the municipality's economic transition relating to the energy generation sector, socio-economic and demographic profile, as well as unemployment, place of work, development trends, visitation and planned investment in major projects.

### 6.1 Latrobe Valley's Economic Transition

The modern economic context of the Latrobe Valley arcs back to the period soon after World War I when the Victorian State Government charged Sir John Monash, a distinguished general, with the responsibility to head the newly formed State Electricity Commission (SEC). The SEC's mandate was to supply electricity to the entire State, powered by the abundant brown coal deposits in the Latrobe Valley.

The SEC subsequently oversaw the development of the first thermal power station in the Latrobe Valley at Yallourn (Yallourn A entered service in 1928). While a range of power stations have been commissioned and (decommissioned) in Latrobe Valley in the proceeding years, the Latrobe Valley still services most of the Victoria's electricity generation needs. The 50-year-old Hazelwood power station was the most recently closed power station having ceased operating in March 2017.

The electricity supply industry has been the backbone of the economy and employment in the Latrobe Valley since the 1930s. At its peak in 1988, the SEC employed almost 9,900 persons in the Latrobe Valley. Soon after, the SEC began to dramatically reduce staff levels, partly in response to financial stress, and by 1993 staff levels had declined to around 5,700 persons.

The state-owned entity, on which the SEC was based, was challenged by the Kennett Government. In 1994 the SEC was disaggregated into separate generation, distribute and retail components, then corporatised, and by 1997 sold to the private sector.

Research by Dr Bob Birrell (*"The Latrobe Valley, Victim of Industrial Restructuring: Centre for Population and Urban Research"*, Monash University, September 2001) analyses the extent of this dependence in the electricity supply industry and the job losses associated with restructuring. Between 1986 and 1996 employment in the Electricity, Gas and Water utilities industries declined by almost 4,800 workers: a substantial 77.5% reduction. Significant declines in associated industries – mining, manufacturing and construction – were also experienced in the same period. By 2016, employment in Electricity, Gas and Water utilities had recovered relative to 1996, but accounted for less than 40% of the 1986 employment levels (note: the 2016 Census figures do not account for the closure of Hazelwood in 2017 resulting in a further loss of some 750 jobs).

The job losses in the 1980s and 1990s also led to population shifts. Birrell concludes that net internal migration (the difference between in-movers and out-movers) in the Latrobe Valley in the period 1991 to 1996 resulted in a loss of 5,900 people or 9% of the 1991 base. This trend

was even more pronounced for working-age males, particularly for Moe and Morwell residents. While the population numbers have recovered since then, the majority of recent population growth in the municipality has occurred in the Traralgon Region – attributed to the historic land release, as well as Traralgon’s emergence as a regional focal point for investment and services (see Table 5.1).

The loss of local jobs and population shifts had significant implications for the Latrobe Valley’s retail sector which continue to this day. The decline of Moe and Morwell’s town centres from the early 1990’s onward in response to shifts in local jobs and population is most noted in this context. Morwell’s town centre was also impacted by competition from Mid Valley Shopping Centre which was established in the early 1980s.

More recently, conversations with local retailers revealed that the closure of Hazelwood Power Station in 2017 (some 750 jobs lost) again impacted the local retail sector. These impacts were most pronounced in Morwell. The township was also severely impacted by Hazelwood open cut mine fire in 2014 which burnt over the period February 9<sup>th</sup> to March 25<sup>th</sup> and resulted in the temporary closure of shops, schools and childcare centres.

These impacts aside, the last 25+ years has seen the Latrobe City economy shift to a more diverse employment base. Electricity, Gas, Water & Waste Services (ABS definition) is now the 5<sup>th</sup> highest sector for employment in the Latrobe City accommodating 7.5% of the total work force, as per the 2016 ABS Census. Health Care & Social Assistance (16.4%) was the largest sector of employment in 2016 followed by Retail Trade (11.6%), Public Administration & Safety (8.7%) and Education & Training (8.3%), see Chapter 2 and of this Report.

Indeed, the diversity of the employment base is now a strength of Latrobe City which can be promoted and leveraged to attract new industries and businesses to the region. The diverse employment base also plays a positive role by reducing the vulnerability of the municipality’s economy as a whole from economic shocks that are sector specific.

A specific future opportunity for the Latrobe City relates to the engineering expertise and industry base that exists in ‘the Valley’ and for which the municipality is recognised nationally. The Valley’s engineering expertise is a key competitive strength that can be a focus for future industry development and attraction, as noted by the municipality’s *Economic Development Strategy 2016-2020*. Indeed, the positioning of Latrobe City as the ‘Engineering Capital of Australia’ is a key focus of the *Economic Development Strategy*, with this aspiration encompassing education and training, brand development, industry development and attraction, and tourism.

In view of Latrobe City’s aspiration to attract and develop new industries, the quality of the urban environment and provision of services and amenities (including retail) is important in terms of contributing to area’s attractiveness for new residents and workers. To this end, the planning and development of retail centres has a role to play in contributing to Latrobe City as an inviting place to live, work and pursue business development opportunities.

## 6.2 Overview of Economic Statistics

A range of key economic statistics and indicators relevant to the retail trading and development context of Latrobe City are provided in this Section and include an overview of the socio-economic profile (Table 6.1); index of relative socio-economic disadvantage (IRSD) (Figure 6.1), unemployment trends (Figure 6.2); place of work (Table 6.2 and Figure 6.3), development trends (Table 6.3 and Figure 6.4) and visitation trends (Table 6.4). Relevant features are outlined below:

- Latrobe City's median household income of \$56,230 is lower than regional Victoria benchmark (\$58,790). While the median household income of Moe-Newborough (\$46,150) and Morwell (\$42,150) are substantially lower than the regional Victoria benchmark, the median household income in Traralgon and the Southern Region (which includes Churchill) was higher at \$67,140 and \$64,930 respectively (see Table 6.1).
- Clustering of high socio-economic disadvantage occurs in Moe, Morwell, as well as areas of Churchill and Traralgon, see Figure 6.1. Lower levels of relative socio-economic disadvantage can be seen in the rural areas surrounding these towns. Areas of high socio-economic disadvantage in Moe and Morwell typically defined by older housing stock (from the SEC era) and housing commission areas.
- The unemployment rate of Latrobe City at 9.5% in the June Quarter 2018 is above the 5.6% for regional Victoria average, see Figure 6.2. The City's unemployment rate has recently declined from a peak of 11.4% in December 2016.
- Some 10,180 Latrobe City residents work in the Traralgon Region (34.8% of the municipalities' total resident workforce), see Table 6.2 and Figure 6.3. A further 7,520 residents (or 25.7%) work in the Morwell region. Around 500 residents (or 2.5%) commute to Warragul for work, while 90 and 80 residents work in Dandenong and Melbourne (SA2s), respectively.
- Over the last five years approximately 1,610 new dwellings were approved in Latrobe City, see Table 6.3. The majority of new dwelling approvals were located in the Traralgon Region reflecting the townships position as Latrobe's population growth centre. Similarly, the majority of investment in commercial buildings (both public and private sector) in recent years has occurred in Traralgon, see Figure 6.4.
- Some 1.1 million persons visit Latrobe City per year according to the latest data from Tourism Research Australia, see Table 6.4. A significant component of this visitation is attributed to domestic day visitors (not staying overnight) and the (visiting) friends and relatives' segment.

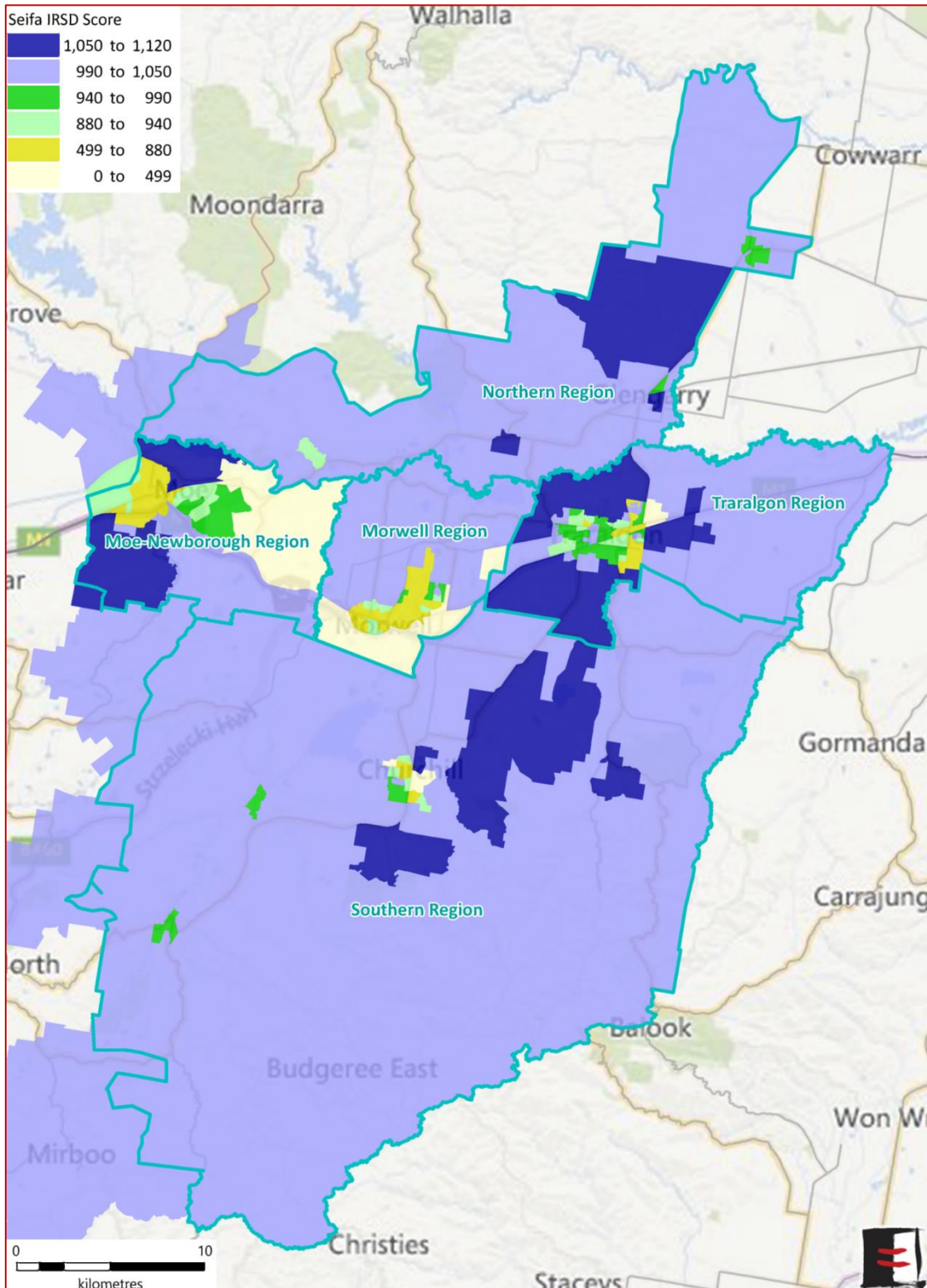
**Table 6.1: Socio-Economic Profile – Study Region 2016**

Category	Northern Region	Moe - Newborough	Morwell	Traralgon	Southern Region	Latrobe (C) (Vic.)	Rest of Vic
Median household income (annual)	\$72,180	\$46,150	\$42,160	\$67,140	\$64,930	\$56,230	\$58,790
Variation from Rest of Vic median	22.8%	-21.5%	-28.3%	14.2%	10.4%	-4.4%	na
% of Households earning \$2,500pw or more	18.7%	11.1%	8.5%	18.2%	18.1%	14.9%	13.7%
Median Age (years)	39.8	42.9	42.2	38.3	40.9	40.5	42.2
Australian born	93.8%	86.5%	84.3%	88.2%	88.8%	86.3%	89.4%
Average household size	2.6	2.2	2.2	2.4	2.5	2.3	2.4
<b>Tenure Type (Occupied Private Dwellings)</b>							
Owned outright	39.8%	37.9%	37.5%	33.5%	41.9%	36.8%	39.1%
<b>Housing Costs</b>							
Median monthly mortgage repayment	1,300.0	1,090.0	970.0	1,380.0	1,280.0	1,180.0	1,350.0
Variation from Rest of Vic median	-3.7%	-19.3%	-28.1%	2.2%	-5.2%	-12.6%	na
Median weekly rent	\$210	\$180	\$180	\$240	\$200	\$200	\$230
Variation from Rest of Vic median	-8.7%	-21.7%	-21.7%	4.3%	-13.0%	-13.0%	na
Labour Force Participation rate	66.0%	53.8%	50.5%	65.2%	61.5%	59.3%	60.5%
<b>Occupation</b>							
Managers	9.9%	7.1%	7.9%	10.2%	11.4%	9.4%	14.6%
Professionals	12.9%	12.7%	11.6%	18.3%	15.3%	15.2%	17.4%
Technicians and trades workers	19.6%	19.7%	15.9%	17.1%	18.5%	17.8%	14.8%
Community and personal service workers	11.2%	13.6%	12.7%	11.2%	11.1%	11.9%	11.8%
Clerical and administrative workers	12.5%	12.6%	13.4%	14.8%	13.1%	13.6%	11.3%
Sales workers	9.3%	11.0%	12.2%	10.1%	10.1%	10.5%	9.7%
Machinery operators and drivers	10.9%	7.6%	9.0%	6.6%	8.2%	7.8%	6.5%
Labourers	12.0%	13.4%	15.2%	10.1%	10.3%	11.9%	12.4%
<b>Highest Year of School Completed (% of population aged 15 years and over)</b>							
Year 12 or equivalent	39.8%	35.3%	35.4%	45.9%	44.9%	41.0%	45.2%
Year 9-11 or equivalent	54.4%	54.6%	52.2%	46.9%	49.5%	50.4%	46.9%
Year 8 or below	5.7%	9.6%	11.4%	6.8%	5.5%	8.0%	7.3%

Source: 2016 ABS Census of Population and Housing



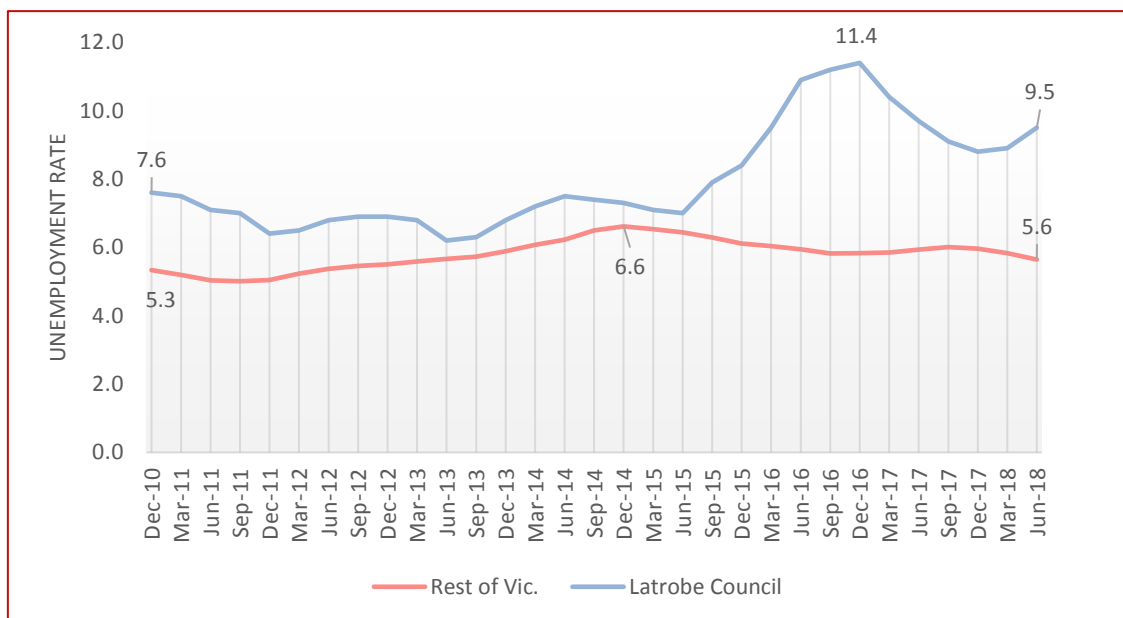
Figure 6.1: Index of Relative Social Disadvantage, Latrobe City by SA1 Region 2016



Source: ABS, *Socio Economic Indexes for Areas (SEIFA)*, 2016

Note: Higher levels of socio-disadvantage are denoted by lower IRSD scores

**Figure 6.2: Unemployment Rate, City of Latrobe & Regional Victoria, December 2010 – April 2018**



Source: Department of Jobs & Small Business, *Small Area Labour Market*, June Qtr 2018

**Table 6.2: Top Sixteen SA2s for Latrobe City (C) Residents Place of Work, 2016**

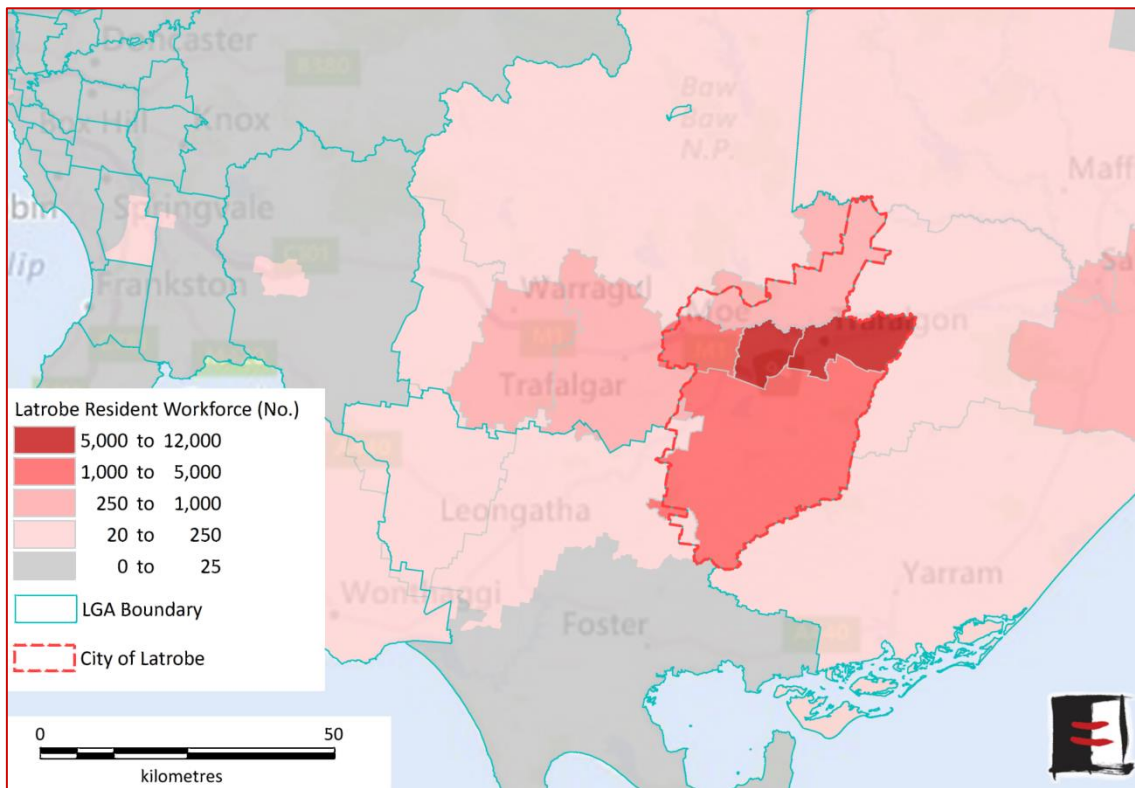
Rank #	SA2 Name	LGA	Category	Workers (Latrobe LGA Residents)	Share of Total Latrobe Workforce
1	Traralgon	Latrobe	Regional Victoria	10,180	34.8%
2	Morwell	Latrobe	Regional Victoria	7,520	25.7%
3	Moe - Newborough	Latrobe	Regional Victoria	3,540	12.1%
4	Churchill	Latrobe	Regional Victoria	3,220	11.0%
5	Warragul	Baw Baw	Regional Victoria	570	2.0%
6	Yallourn North - Glengarry	Latrobe	Regional Victoria	350	1.2%
7	Sale	Wellington	Regional Victoria	330	1.1%
8	Trafalgar (Vic.)	Baw Baw	Regional Victoria	320	1.1%
9	Longford - Loch Sport	Wellington	Regional Victoria	300	1.0%
10	Rosedale	Wellington	Regional Victoria	220	0.8%
11	Leongatha	Gippsland - South West	Regional Victoria	180	0.6%
12	Mount Baw Baw Region	Baw Baw	Regional Victoria	150	0.5%
13	Maffra	Wellington	Regional Victoria	140	0.5%
14	Dandenong	Dandenong	Greater Melbourne	90	0.3%
15	Drouin	Baw Baw	Regional Victoria	80	0.3%
16	Melbourne	Melbourne City	Greater Melbourne	80	0.3%

Source: Australian Bureau of Statistics, 2011 Census of Population & Housing

Note: Highlighted areas are in the City of Latrobe; Figures rounded to the nearest ten



**Figure 8.3: Place of Work – Latrobe City Residents, 2016**



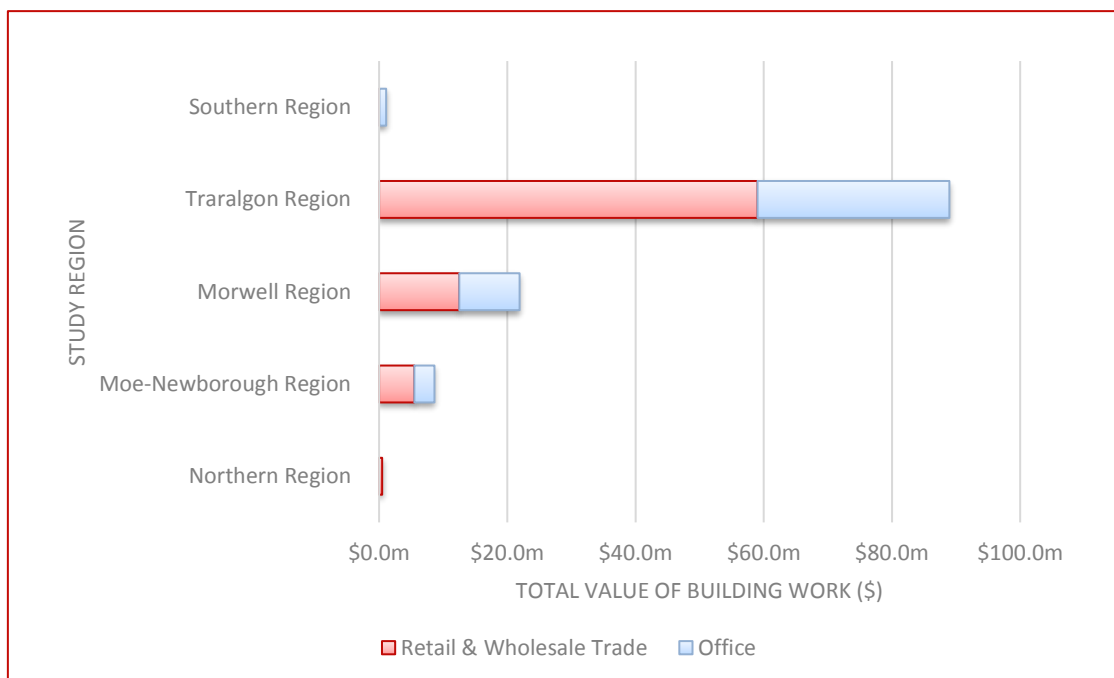
Source: Australian Bureau of Statistics, 2016 Census of Population & Housing; Essential Economics with MapInfo and BingMaps

**Table 6.3: New Dwelling Approvals, 2011/12 – 2017/18**

Category	2013/14	2014/15	2015/16	2016/17	2017/18	New Dwelling Approvals 2013/14 - 2017/18
Northern Region	10	10	10	10	10	50
Moe-Newborough	50	50	50	30	40	220
Morwell Region	50	30	50	20	10	160
Traralgon Region	160	210	230	200	130	930
Southern Region	<u>60</u>	<u>50</u>	<u>50</u>	<u>50</u>	<u>40</u>	<u>250</u>
<b>Latrobe City</b>	<b>330</b>	<b>350</b>	<b>390</b>	<b>310</b>	<b>230</b>	<b>1,610</b>

Source: ABS Building Approvals 8731.0

**Figure 6.4: Value of Commercial Building Work (Public and Private Sector), June 2011 – August 2018**



Source: ABS.Stat

**Table 6.4: Latrobe City Visitation Profile, 2017**

Category	International	Domestic Overnight	Domestic Day	Total
Visitors ('000)	6	206	908	1,120
Nights ('000)	111	489	-	600
Average stay (nights)	19	2	-	3
Spend (\$m)	\$5m	\$54m	\$81m	\$140m
Average spend per trip (\$)	\$890	\$260	\$90	\$130
Average spend per night (\$)	\$50	\$110	-	\$100
Average spend (commercial accommodation) per night (\$)	\$80	\$160	-	\$150
<b><i>Reason (visitors '000)</i></b>				
Holiday	np	34	337	np
Visiting friends or relatives	3	108	292	403
Business	np	50	101	np
Other	np	np	178	np

Source: *Tourism Research Australia, Local Government Area Profiles, 2017*

Note: Average Spend Figures Rounded

Note: (-) Data not available

Note: (np) Estimate not published by TRA due to reliability concerns

### 6.3 Major Projects

A range of major projects are currently planned for Latrobe City – the catalyst being the commitment of significant financial resources from both State and Federal Governments to assist the Latrobe Valley economy transition to a more diverse base in view of Hazelwood Power Station's recent closure. Planned public sector investment includes:

- **Gippsland Innovation Hub** (or 'hi-tech precinct'), to be developed at Federation Training's Morwell Campus. The \$17 million development will be delivered through a partnership between Latrobe City, Federation University, LVA and Regional Development Victoria. The precinct will be a centre for research, product development, education and training, with a focus on the region's growth sectors – health, food and fibre, and advanced manufacturing.
- **Government Hub (Gov Hub)**, to be developed in Morwell and is proposed to accommodate some 300 public sector workers including 150 Victorian Government positions. The project is expected to be completed by-mid 2020.
- **Gippsland Regional Aquatic & Leisure Centre**, to be developed in Traralgon will support the region's high performing athletes and bring major sporting events to the Latrobe Valley. The Aquatic and Leisure Centre is the centrepiece of a wider \$85 million sport and infrastructure initiative for the Latrobe Valley by the State Government, which also includes:
  - A redevelopment of Gippsland Regional Indoor Sports and Entertainment Complex in Traralgon (\$17 million)
  - An upgrade to the Morwell Recreation Reserve (\$4 million)
  - Upgrades to the Latrobe Sports and Entertainment Complex in Morwell (\$1.7 million) as well as the Ted Summerton Reserve in Moe (\$3 million).
- **Latrobe Creative Precinct**, to be constructed on land adjacent the existing Traralgon Library. This project is a joint initiative of the Federal Government, Victorian Government and Latrobe City and will comprise the following aspects:
  - A 750-seat performing arts centre
  - A multi-purpose Studio that can be configured for a variety of performance nodes
  - Multipurpose/meeting rooms
  - An indoor/outdoor café
  - Outdoor event spaces.
- **Traralgon Bypass**, this project has long been identified to remove heavy vehicles in Traralgon with a Bypass alignment gazetted via an amendment to the Latrobe Planning Scheme in 2009. The project is currently in the planning phase involving detail studies including the formation of a business case. The establishment of a bypass would result in an initial impact to retail sales in Traralgon with those businesses significantly dependent in highway trade likely to be most affected. In the longer-term, the reduction in through-traffic volume and associated increases to amenity along the Princess

Highway corridor may present new development opportunities. Broadly speaking Traralgon has the attributes identified in the NSW Government report *Economic Evaluation of Bypasses* (2011) that would most likely result in the town benefiting from bypassing in the longer term, including a growing population, function as a regional centre and a diverse economic base. In contrast towns that observe significant long-term economic impacts from bypassing tend to have small populations and a narrow economic base geared to highway trade, as noted by the NSW Government report.

Major private sector projects of relevance to this Strategy include a multi-storey mixed-use development at 28 Grey Street Traralgon (adjacent Stockland Shopping Centre) comprising motel, cinema, bowling alley and food/drink retail. In particular, the cinema component of this development will result in additional competition to the Villages Cinemas at Mid Valley Shopping Centre – currently the sole cinema complex serving the Latrobe Valley.

#### **6.4 Considerations for Retail Strategy**

Latrobe City's current economic context is framed by the municipality's transition since the late 1980's away from an economy with a high dependence on the mining and energy generation sectors to a more diverse economic base with a greater emphasis on tertiary service sectors. For instance, based on ABS 2016 Census data, Health Care & Social Assistance (16.4%) was the largest sector of employment in Latrobe City, followed by Retail Trade (11.6%), Public Administration & Safety (8.7%) and Education & Training (8.3%).

In 2018, Traralgon stands as the Latrobe City's primary focal point for population growth, investment and employment when compared to the municipality's other major towns. This has implications for the development of a retail hierarchy for Latrobe City and necessitates that individual centres continue to develop a retail/service offer which is complementary in nature.

While the benefits of major planned government investment are expected to accrue across Latrobe City more broadly, Morwell's CBD will benefit from increased local spending associated with the 300 public sector workers to be accommodated by the Gov Hub.

Upgrades to sporting facilities across the municipality (including the planned Gippsland Regional Aquatic and Leisure Centre in Traralgon) as well as the development of the Latrobe Creative Precinct in Traralgon would also assist in increasing the level of visitation and non-local spending within Latrobe City. Visitation to the Latrobe City is largely day-based and driven by friends and relatives. Increasing the number of overnight stays (visitor nights) in Latrobe City presents an opportunity to generate increased spending and retail trade from visitors. The provision of appropriate accommodation options is important in this context.

Finally, a review of the ABS *Place of Work* data indicates that although some Latrobe City residents work in the metropolitan Melbourne area, the municipality does not significantly function as a regional commuter locality. Improvements to the regional rail connection between Latrobe City and Melbourne is one factor that could potentially result in Latrobe City developing greater integration with the Melbourne economy.

## 7 LATROBE CITY RETAIL HIERARCHY

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Throughout history, people have always congregated at convenient meeting points – to engage in trade, interact socially, and undertake cultural activities. These meeting points are often marked by the intersection of roads serving the local area and the surrounding hinterland. As development expands around such localities, a ‘centre’ emerges which becomes the focus for business activities and community facilities.

Typically, retailing is the key driver of activity in centres and – while the *Latrobe City Retail Strategy* has 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.

The **Latrobe City Retail Hierarchy** takes into consideration the current retail role performed by centres, while also acknowledging the broader non-retail roles which can vary between centres. The retail hierarchy should be considered when planning for the future development of Latrobe City’s activity centres.

The identified Retail Hierarchy specifically takes 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. In addition, the centre’s role in providing community, recreational and civic services, the presence of major office or government tenants, the centre’s tourism role and locational factors (e.g. location and role of nearby centres) are also taken into consideration.

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

- **Regional Retail Centre**: which is the major retail centre serving Latrobe City and beyond, providing a wide range of retail and non-retail uses. Traralgon CBD is Latrobe City’s regional retail centre.
- **Sub-Regional Retail Centre**: serves a broad region, although not as large as the regional centre, and provides a range of convenience and comparison-shopping facilities. Sub-regional centres can also provide a range of non-retail uses. Moe CBD, Morwell CBD and Mid Valley Shopping Centre are the three sub-regional retail centres in Latrobe City.
- **Large Town Centre**: Large Town Centres provide a comprehensive range of day-to-day and weekly convenience retailing, including supermarkets. A range of non-food retailing and services are also provided, the extent of which depends on the size of the catchment served by the centre. Large Town Centres serve the immediate township and surrounding rural areas and small towns. Churchill is currently Latrobe City’s only Large Town Centre.
- **Neighbourhood Centre**: provide access to day-to-day and weekly convenience shopping facilities for the surrounding community. Neighbourhood centres can vary in size and typically include at least one supermarket.

- **Small Town Centre:** provide limited convenience retailing to the surrounding township and rural areas. They are important focal points for the community and where appropriate, may include tourism-related retailing.
- **Local Centre:** represent a number of shops, typically up to 10 shopfronts, which provide convince retailing and services.
- **Homemaker Precinct:** provide a range of large format retail and restricted retail premises that would otherwise be difficult to accommodate in traditional retail centres. Homemaker precincts can include both dedicated bulky goods centres or precincts that evolve along major roads such as that located along Argyle Street in Traralgon.

Also of importance to the Latrobe City's Retail 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 Valley's unique settlement structure of four major towns situated in relative proximity, as noted previously in Chapter 3. Accordingly, in identifying Latrobe City's Retail Hierarchy, a key consideration is the nature in which the major towns (aforementioned) provide complementary services that contribute to a cohesive higher order retail offer at the regional level.

Traralgon's role as Latrobe City's primary focal point for population growth, investment and employment further necessitates that the retail offer and role of individual centres within the municipality's retail hierarchy is complementary rather than competitive in nature.

The existing Latrobe City Retail Hierarchy comprising existing, approved and planned centres is described in Table 7.1. Existing centres are centres that are currently operating; approved centres are future retail centres for which development schemes have been approved; and planned centres are future retail centres in which land has been rezoned to facilitate development, but no development schemes have been approved. The **Retail Strategy** will define a future retail hierarchy which will provide guidance on the role and function of and new and existing centres, taking into consideration the retail assessment presented in this **Background Report**.

In addition to the centres described in Table 7.1, future potential neighbourhood centres have been identified in numerous strategic planning documents at Traralgon South East, Traralgon East and Traralgon West. In addition, potential local centres have also been identified in a number of locations across the municipality. 'Potential centres' are those centres which have been identified in strategic planning documentation but are yet to be subject to detailed planning or demand assessments. An objective of the Retail Strategy will be to provide a decision-making framework that assists Council in assessing the appropriateness of any new centres at a time when local area planning occurs, or when development applications or rezoning requests arise.

The location of existing, approved, planned and potential centres is shown in Figure 7.1. Chapter 8 provides a description of the retail and commercial floorspace within each centre, while **Part B: Centre Profiles** provides a more detailed overview of Regional Retail Centres, Sub Regional Retail Centres, Large Town Centres, Neighbourhood Centres, and Small Town Centres.

**Table 7.1: Existing Latrobe City Retail Hierarchy**

Centre	Retail Role	Retail Floorspace /Major Tenants	Complimentary Role
<b>Regional Retail Centre</b>			
<b>Traralgon CBD</b>	Pre-eminent retail centre serving Latrobe City and beyond with the full-range of retailing.	Retail floorspace (2018): 62,470m <sup>2</sup> Stockland Traralgon (Kmart, Coles), Woolworths, Target Country, Dan Murphy's.	Traralgon CBD also provides a wide range of entertainment, dining, commercial, community and recreational facilities and service. The Traralgon CBD is the main commercial office precinct in Latrobe City.
<b>Sub-Regional Retail Centre</b>			
<b>Moe CBD</b>	Full-range of convenience retailing serving the surrounding region and workers. Centre includes multiple supermarkets, café/restaurants/takeaway food and limited range of non-food retailers.	Retail floorspace (2018): 34,930m <sup>2</sup> Kmart, Woolworths, Coles, ALDI, Dimmeys, Harvey Norman	Moe CBD also provides a range of civic, community and entertain facilities and services (eg. library, hotels, RSL, employment services, etc); and a commercial office sector focusing on business and personal services commercial space (eg. Banks, accountants, real estate, insurance, etc).
<b>Morwell CBD</b>	Full-range of convenience retailing serving the surrounding region and workers. Centre includes multiple supermarkets, café/restaurants/takeaway food and limited range of non-food retailers.	Retail floorspace (2018): 31,280m <sup>2</sup> Coles, ALDI, Cheap as Chips, NQR and Harvey Norman	Morwell CBD also performs an important government sector role including Latrobe City Council offices and other local and state government agencies. A limited range of entertainment, community and commercial offices are also provided.

Centre	Retail Role	Retail Floorspace /Major Tenants	Complementary Role
<b>Sub-Regional Retail Centre (cont.)</b>			
<b>Mid Valley Shopping Centre</b>	Range of convenience and comparison shopping serving a sub-regional catchment including multiple supermarkets, discount department store and a range of non-food speciality retailing.	Retail floorspace (2018): 24,520m <sup>2</sup>	Mid Valley also serves a key entertainment role with the presence of a Village cinema complex.
<b>Large Town Centre</b>			
<b>Churchill</b>	Range of convenience retail anchored by two supermarkets serving the township and a surrounding rural catchment. Retail floorspace provision is similar to a Neighbourhood Centre	Churchill Retail floorspace (2018): 7,860m <sup>2</sup> (Woolworths, Richies Supa IGA, Richies Mitre Ten)	Large town centres also provide a range of commercial, civic (e.g. libraries and community centres), health and other uses serving the township and a wider rural catchment. Churchill is unique in that it also accommodates Federation University.
<b>Neighbourhood Centre</b>			
<b>Newborough Traralgon North (approved)</b>	Neighbourhood centres provide a limited range of convenience retailing, typically anchored by a supermarket. Retail floorspace ranges from approximately 2,500m <sup>2</sup> to 10,000m <sup>2</sup> .	Newborough Retail floorspace (2018): 2,750m <sup>2</sup> Traralgon North (approved): 4,700m <sup>2</sup>	Limited role in providing local community, civic and health services to the surrounding communities.
<b>Small Town Centre</b>			
<b>Glengarry; Yallourn North; Boolarra; Yinnar; Tyers; Traralgon South; Toongabbie</b>	Town centres provide convenience retailing to the immediate surrounding catchment and visitors. Centres	Glengarry (850m <sup>2</sup> ); Yallourn North (750m <sup>2</sup> ); Boolarra (300m <sup>2</sup> ); Yinnar (620m <sup>2</sup> ); Tyers (560m <sup>2</sup> );	In addition to convenience retail, town centres also provide a limited range of commercial, community (e.g. community hall/centre), and personal services (e.g. post office).

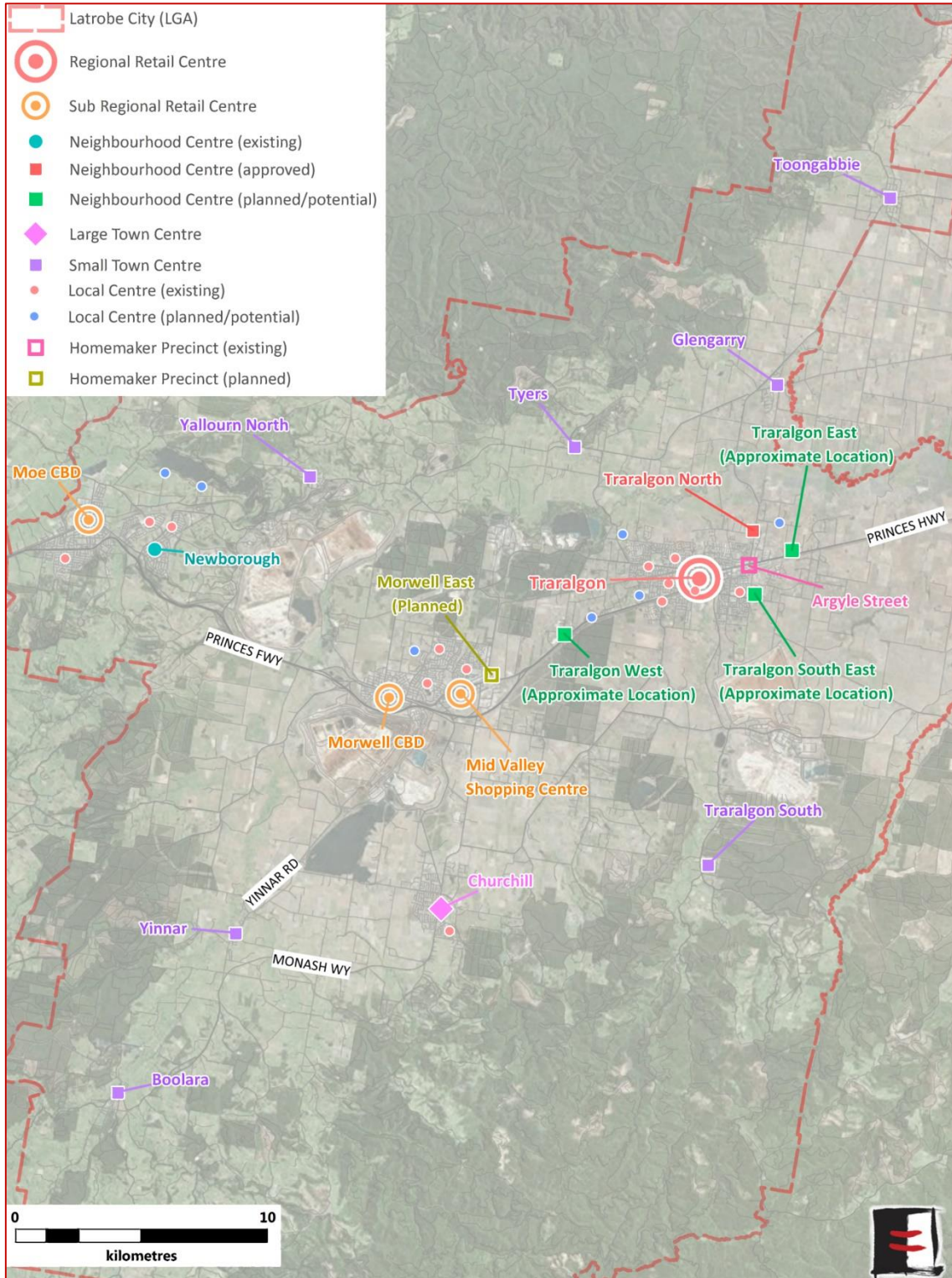


Centre	Retail Role	Retail Floorspace /Major Tenants	Complementary Role
	vary in size depending on the size of the catchment they serve.	Traralgon South (150m <sup>2</sup> ); Toongabbie (120m <sup>2</sup> )	
<b>Local Centre</b>			
<b>Traralgon (Queens Parade, Hyland Street, Hazelwood Road, Henry Street, Grey Street, Pax Hill); Morwell (Bridle Road, Rintoull Street, Bruton Street); Moe (Boolara Avenue, Old Sale Road, Elizabeth Street); Churchill (Churinga Drive)</b>	Local centres provide limited convenience retailing including general store, takeaway food/café, and personal services. Retail floorspace is typically less than 1,500m <sup>2</sup> .	Queens Parade (550m <sup>2</sup> ); Hyland Street (680m <sup>2</sup> ); Hazelwood Road (280m <sup>2</sup> ); Henry Street (500m <sup>2</sup> ); Pax Hill (300m <sup>2</sup> ); Bridle Road (760m <sup>2</sup> ); Rintoull Street (400m <sup>2</sup> ); Bruton Street (440m <sup>2</sup> ); Boolara Avenue (830m <sup>2</sup> ); Old Sale Road (170m <sup>2</sup> ); Elizabeth Street (740m <sup>2</sup> ); Churinga Drive (180m <sup>2</sup> )	Local centres may co-locate to community, and/or education facilities, and may provide limited commercial services.
<b>Homemaker Precinct</b>			
<b>Argyle Street Morwell East (planned)</b>	Provide a range of large format retailers that would otherwise not be suited to an in-centre location.	Argyle Street (43,440m <sup>2</sup> ) Morwell East	May co-locate with trade suppliers, restricted retail, car yards and light industrial uses.

Source: Essential Economics

Note: Retail included in the wider analysis but excluded from the Existing Latrobe Retail Hierarchy (Table 7.1) comprise stand-alone shops located throughout the municipality (not situated in an existing centre), and other non-activity centre retail including the Princess Drive retail node in Morwell and retail located on Moore Street and Lloyd Street in Moe (in proximity to the Old Gippsdown Heritage Park)

Figure 7.1: Existing Latrobe City Retail Hierarchy



Essential Economics with Map Info, Streetpro and BingMaps

## 8 RETAIL AND COMMERCIAL FLOORSPACE OVERVIEW

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A retail floorspace and shopfront survey of centres in Latrobe City was undertaken by Essential Economics in October 2018. This ‘street level’ data was complemented by a range of industry sources in order to estimate the total retail floorspace provision. The retail categories used for the survey are described on page 2 of this report.

### 8.1 Occupied Retail Floorspace

Currently, approximately 227,190m<sup>2</sup> of occupied retail floorspace exists in centres of Latrobe City comprising the following:

- 49,940m<sup>2</sup> of FLG retail floorspace (or 22% of total occupied retail floorspace)
- 27,360m<sup>2</sup> of food catering retail floorspace (or 12% of total occupied retail floorspace)
- 149,890m<sup>2</sup> of non-food retail floorspace (or 66% of total occupied retail floorspace).

A summary of retail floorspace by study region and centre is shown in Table 8.1, noting that the largest individual centres/precincts for occupied retail floorspace are:

- Traralgon CBD with 62,470m<sup>2</sup>
- Argyle Street Homemaker Precinct (Traralgon East)) with 43,440m<sup>2</sup>
- Moe CBD with 34,930m<sup>2</sup>
- Morwell CBD with 31,3280m<sup>2</sup>
- Mid Valley Shopping Centre with 24,520m<sup>2</sup>.

**Table 8.1: Retail Floorspace Provision in Latrobe City, October 2018 (m<sup>2</sup>)**

Region	FLG	Food Catering	Non-Food	Total Occupied Retail	Share of Total Retail Floorspace
<b><u>Northern Region</u></b>					
Yallourn North	410	220	120	750	0.3%
Tyers	400	0	160	560	0.2%
Toongabbie	120	0	0	120	0.1%
Glengarry	<u>460</u>	<u>0</u>	<u>390</u>	<u>850</u>	<u>0.4%</u>
<b>Total Northern Region</b>	<b>1,390</b>	<b>220</b>	<b>670</b>	<b>2,280</b>	<b>1.0%</b>
<b><u>Moe-Newborough Region</u></b>					
Moe CBD	9,020	4,180	21,730	34,930	15.4%
Newborough Neighbourhood Centre	130	370	2,250	2,750	1.2%
Local centres	<u>980</u>	<u>1,310</u>	<u>1,190</u>	<u>3,480</u>	<u>1.5%</u>
<b>Total Moe-Newborough Region</b>	<b>10,130</b>	<b>5,860</b>	<b>25,170</b>	<b>41,160</b>	<b>18.1%</b>
<b><u>Morwell Region</u></b>					
Morwell CAD	9,550	5,220	16,510	31,280	13.8%
Morwell Highway Corridor	2,480	800	3,920	7,200	3.2%
Mid Valley	3,890	680	19,950	24,520	10.8%
Local centres	<u>700</u>	<u>590</u>	<u>1,490</u>	<u>2,780</u>	<u>1.2%</u>
<b>Total Morwell Region</b>	<b>16,620</b>	<b>7,290</b>	<b>41,870</b>	<b>65,780</b>	<b>29.0%</b>
<b><u>Traralgon Region</u></b>					
Traralgon CBD	12,400	9,590	40,480	62,470	27.5%
Argyle Street Homemaker Precinct	1,850	2,620	38,970	43,440	19.1%
Local centres	<u>1,850</u>	<u>540</u>	<u>640</u>	<u>3,030</u>	<u>1.3%</u>
<b>Total Traralgon Region</b>	<b>16,100</b>	<b>12,750</b>	<b>80,090</b>	<b>108,940</b>	<b>48.0%</b>
<b><u>Southern Region</u></b>					
Churchill Total	5,050	1,160	1,750	7,960	3.5%
Traralgon South	150	0	0	150	0.1%
Boolarra	180	0	120	300	0.1%
Yinnar	<u>320</u>	<u>80</u>	<u>520</u>	<u>620</u>	<u>0.4%</u>
<b>Total Southern Region</b>	<b>5,700</b>	<b>1,240</b>	<b>2,390</b>	<b>9,030</b>	<b>4.0%</b>
<b>Total Latrobe City</b>	<b>49,940</b>	<b>27,360</b>	<b>150,190</b>	<b>227,190</b>	<b>100.0%</b>

Source: Essential Economics Retail Floorspace Survey (October 2018), Australian Property Council, Shopping Centre Directory, Stockland, Mid Valley Shopping Centre.

Note: LAC's includes standalone shops

Note: Traralgon CAD includes Stockland Traralgon Shopping Centre

## 8.2 Vacant Retail Floorspace

Vacant retail shopfront tenancies were noted during the retail floorspace survey (October 2018) and the vacancies for each centre are shown in Table 8.2.

The Latrobe City's shopfront vacancy rate is estimated to be 10.8% of floorspace. This vacancy rate is 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 centres. In contrast, free-standing shopping malls under one roof tend to have minimal vacancies as they are in single ownership and centrally-managed. In this context, Stockland Traralgon is considered to be performing relatively successfully with a vacancy rate of 1.5%; however, Mid Valley Shopping Centre with the recent closure of Target and Coles has a significantly high vacancy rate of 21.9%.

The overall vacancy level the Traralgon region (6.9%) is lower than the vacancy level observed for the Morwell region (16.8%) and Moe-Newborough region (11.6%) respectively, and this reflects the primacy of Traralgon as a focal point for population growth and investment, amongst other aspects.

Selected centres and specific areas within centres are contributing to a high overall vacancy rate for Latrobe City. Those centres which are experiencing issues associated with high retail vacancy rates include the following:

- Mid Valley Shopping Centre, has a vacancy rate of 21.9% influenced by the recent closure of Target and Coles. Note the former Coles tenancy has recently been occupied by Dimmeys.
- Morwell CBD, with a vacancy rate 16.3% which includes a high 29.9% vacancy rate for shopfronts located to the north of the railway line. Areas of the CBD to the south of the railway line have a lower vacancy rate of 9.4%.
- Moe CBD, which has a vacancy rate 10.9% influenced by a concentration of vacant shopfronts located to the south of the railway line.

It is evident in both the CBDs of Moe and Morwell that while the core retailing areas may be performing relatively well in terms of vacancy rates, the areas that are disconnected from the core parts of these CBDs are under-performing.

The vacancy rate for the Argyle Street Homemaker precinct in Traralgon (8.0%) is considered reasonable, considering this rate takes into account the former Dahlsens retail store which is yet to be re-tenanted. In broad terms, the vacancy rates for smaller towns and settlements in Latrobe City's northern and southern regions do not indicate any major vacancy issues.

The following local centres have a high level of shopfront vacancy that would indicate a relatively poor performance of the centre:

- Bruton Street and Rintoull Street in Morwell with shopfront vacancy rates of 24% and 31% respectively; and
- Boolarra Avenue and Old Sale Road in Moe-Newborough with respective vacancy rates of 28% and 51%.

High vacancy rates in local centres can occur due to a broad range of aspects, many of which Council can have limited influence, such as increased trading pressures from other formats and changing consumer preferences (refer Section 4.2); lack of investment in the amenity of the centre; limited population growth or population decline in the immediate surrounding

catchment; poor tenancy mix; lack of experienced and quality operators etc. The **Retail Strategy** will provide guidance on the levers available to Council to improve the trading conditions of these local centres.

**Table 8.2: Retail Vacancy Rate – Latrobe City, October 2018 (m<sup>2</sup>)**

Region	Total Occupied Shopfront	Vacant Shopfront	Total Available Retail Floorspace	Shopfront Vacant Rate
<u>Northern Region</u>				
Yallourn North	750	150	900	16.7%
Tyers	560	0	560	0.0%
Toongabbie	120	0	120	0.0%
<u>Glengarry</u>	<u>850</u>	<u>60</u>	<u>910</u>	<u>6.6%</u>
<b>Total Northern Region</b>	<b>2,280</b>	<b>210</b>	<b>2,490</b>	<b>8.4%</b>
<u>Moe-Newborough Region</u>				
Moe CBD	41,490	5,070	46,560	10.9%
Newborough NC	3,910	550	4,460	12.3%
<u>Local centres</u>	<u>3,580</u>	<u>820</u>	<u>4,400</u>	<u>18.6%</u>
<b>Total Moe-Newborough Region</b>	<b>48,980</b>	<b>6,440</b>	<b>55,420</b>	<b>11.6%</b>
<u>Morwell Region</u>				
Morwell CBD	41,980	8,200	50,180	16.3%
Morwell Highway Corridor	7,200	0	7,200	0.0%
Mid Valley	25,150	7,060	32,210	21.9%
<u>Local centres</u>	<u>2,780</u>	<u>320</u>	<u>3,100</u>	<u>10.3%</u>
<b>Total Morwell Region</b>	<b>77,110</b>	<b>15,580</b>	<b>92,690</b>	<b>16.8%</b>
<u>Traralgon Region</u>				
Traralgon CBD	72,170	4,960	77,130	6.4%
Argyle Street Homemaker Precinct	43,440	3,790	47,230	8.0%
<u>Local centres</u>	<u>3,740</u>	<u>90</u>	<u>3,830</u>	<u>2.3%</u>
<b>Total Traralgon Region</b>	<b>119,350</b>	<b>8,840</b>	<b>128,190</b>	<b>6.9%</b>
<u>Southern Region</u>				
Churchill Total	8,660	220	8,880	2.5%
Traralgon South	150	0	150	0.0%
Boolarra	300	30	330	9.1%
<u>Yinnar</u>	<u>660</u>	<u>0</u>	<u>660</u>	<u>0.0%</u>
<b>Total Southern Region</b>	<b>9,770</b>	<b>250</b>	<b>10,020</b>	<b>2.5%</b>
<b>Total Latrobe City</b>	<b>257,490</b>	<b>31,320</b>	<b>289,110</b>	<b>10.8%</b>

Source: Essential Economics Retail Floorspace Survey (October 2018), Australian Property Council, Shopping Centre Directory, Stockland, Mid Valley Shopping Centre.

Note: Local centres include standalone shops

Note: Traralgon CAD includes Stockland Traralgon Shopping Centre



### 8.3 National Retail Brand Representation

In addition to vacancy rates, the representation of national brands is another metric which provides an insight into the performance of retail sectors. National retail brands seek to locate in centres that will maximise their sales, which typically involves locating in centres that perform well, attract a sufficient level of customer activity and serve sufficient sized catchments which vary depending on the individual retailer.

In this context, Latrobe City is well-represented in regard to national brand tenancies. Based on the retail floorspace undertaken in October 2018, Latrobe City contains approximately 85,500m<sup>2</sup> of 'national brand' non-food retail floorspace, of which 52,000m<sup>2</sup> is located within the Traralgon region. The Morwell region accommodates 22,600m<sup>2</sup> and the Moe-Newborough region accommodates approximately 10,100m<sup>2</sup>.

One of the implications of having a relatively strong presence of national brand retailers is that residents are less reluctant to travel further afield to shop. While 'escape spending' is always going to occur to some degree in regional areas like Latrobe City, the presence of a range of national brand limits the impacts of having significant levels of retail spending escaping the region. Examples of national brand non-food retailers in Latrobe City are provide below.



Morwell Region



Moe-Newborough Region



Source: Essential Economics and company websites



## 9 RETAIL SPENDING

Estimates of retail spending by Latrobe City residents for each study region have been prepared with reference to the *MarketInfo* micro-simulation model. *MarketInfo* uses data from the ABS Household Expenditure Survey, ABS Population and Housing Census, and a range of other socio-economic indicators, and provides estimates of retail spending on a small area basis.

### 9.1 Per Capita Retail Spending

Average per capita retail spending for residents of each study region and Latrobe City in 2018 is summarised in Table 9.1 and compared with the regional Victorian average (figures are expressed in 2018 prices).

Latrobe City's average per capital total spending is estimated at approximately \$14,020 in 2018, which is approximately +4.7% above the average for regional Victoria of \$13,390, and comprises:

- \$6,280 per annum on FLG
- \$1,620 per annum on food catering
- \$6,120 per annum on non-food merchandise and services.

**Table 9.1: Average Per Capita Retail Spending, 2018 (\$2018)**

Trade Area	FLG	Food Catering	Non-Food	Total Retail
<b>Per Capita Spending</b>				
Northern Region	\$6,050	\$1,570	\$6,050	\$13,670
Moe - Newborough	\$6,230	\$1,480	\$5,720	\$13,430
Morwell	\$6,250	\$1,450	\$5,480	\$13,180
Traralgon	\$6,290	\$1,760	\$6,510	\$14,560
Southern Region	\$6,460	\$1,750	\$6,580	\$14,790
<b>Latrobe City</b>	<b>\$6,280</b>	<b>\$1,620</b>	<b>\$6,120</b>	<b>\$14,020</b>
<i>Regional Victoria</i>	<i>\$6,170</i>	<i>\$1,600</i>	<i>\$5,620</i>	<i>\$13,390</i>
<b>Variation from regional Victoria</b>				
Northern Region	-1.9%	-1.9%	+7.7%	+2.1%
Moe - Newborough	+1.0%	-7.5%	+1.8%	+0.3%
Morwell	+1.3%	-9.4%	-2.5%	-1.6%
Traralgon	+1.9%	+10.0%	+15.8%	+8.7%
Southern Region	+4.7%	+9.4%	+17.1%	+10.5%
<i>Latrobe City</i>	<i>+1.8%</i>	<i>+1.3%</i>	<i>+8.9%</i>	<i>+4.7%</i>

Source: Essential Economics with the *MarketInfo*

## 9.2 Total Retail Spending, 2018 to 2033

Forecasts of retail spending by Latrobe City residents and the study regions have been prepared for the period 2018 to 2033. These estimates take into consideration population forecasts presented in Chapter 5, average per capita retail spending shown in Table 9.1 and estimates of future real growth in retail spending per capita. Estimates of future real growth in per capita retail spending are based on historical trends over the past 20 or so years, as derived from ABS Australian National Accounts data.

Total available retail spending by Latrobe City residents in 2018 is estimated at \$1,051m (or \$1.05b) and includes:

- Food, Liquor and Groceries: \$471m
- Food catering: \$122m
- Non-food: \$459m.

Total retail spending is forecast to grow at 1.6% pa to \$1,344m by 2033 (expressed in constant \$2018).

By region, the main area of growth is expected to be Traralgon, where retail spending of residents is forecast to increase from \$406m in 2018 to \$555m in 2033, accounting for 51% of total retail spending growth in Latrobe City (or the study region).

All spending figures are inclusive of GST and in constant 2018 dollars, therefore they exclude the effects of price inflation. The figures represent total retail spending by households in the study region, inclusive of:

- Traditional spending at so-called ‘bricks and mortar’ retail shops
- Retail spending with a mix of internet sales channels where a physical retail outlet is responsible for product pick-up or delivery (so-called ‘clicks and mortar’ retailing)
- Internet-only sales channels, which are estimated to comprise 8% of total retail sales in Australia.

Note, the above analysis considers spending by permanent residents only. Additional demand will also be generated by people living outside the study region and by visitors.

**Table 9.2: Forecast Retail Spending by Study Region, 2018 to 2033**

<b>Retail Category</b>	<b>2018</b>	<b>2023</b>	<b>2028</b>	<b>2033</b>
<b><u>Northern Region</u></b>				
FLG	\$28.1m	\$28.7m	\$29.4m	\$30.1m
Food Catering	\$7.3m	\$7.5m	\$7.8m	\$8.1m
Non-Food	<u>\$28.1m</u>	<u>\$30.5m</u>	<u>\$33.4m</u>	<u>\$36.4m</u>
<b>Total Retail</b>	<b>\$63.5m</b>	<b>\$66.7m</b>	<b>\$70.5m</b>	<b>\$74.6m</b>
<b><u>Moe - Newborough</u></b>				
FLG	\$104.5m	\$106.0m	\$110.9m	\$116.4m
Food Catering	\$24.8m	\$25.4m	\$26.9m	\$28.5m
Non-Food	<u>\$96.1m</u>	<u>\$104.0m</u>	<u>\$115.9m</u>	<u>\$129.8m</u>
<b>Total Retail</b>	<b>\$225.3m</b>	<b>\$235.4m</b>	<b>\$253.7m</b>	<b>\$274.7m</b>
<b><u>Morwell</u></b>				
FLG	\$87.2m	\$88.5m	\$92.2m	\$96.2m
Food Catering	\$20.2m	\$20.8m	\$21.9m	\$23.1m
Non-Food	<u>\$76.5m</u>	<u>\$82.8m</u>	<u>\$91.9m</u>	<u>\$102.3m</u>
<b>Total Retail</b>	<b>\$184.0m</b>	<b>\$192.1m</b>	<b>\$205.9m</b>	<b>\$221.5m</b>
<b><u>Traralgon</u></b>				
FLG	\$175.7m	\$187.9m	\$202.7m	\$218.6m
Food Catering	\$49.1m	\$53.0m	\$57.8m	\$63.0m
Non-Food	<u>\$181.6m</u>	<u>\$206.9m</u>	<u>\$237.8m</u>	<u>\$273.4m</u>
<b>Total Retail</b>	<b>\$406.4m</b>	<b>\$447.8m</b>	<b>\$498.3m</b>	<b>\$555.0m</b>
<b><u>Southern Region</u></b>				
FLG	\$75.3m	\$78.8m	\$82.7m	\$86.8m
Food Catering	\$20.4m	\$21.6m	\$22.9m	\$24.3m
Non-Food	<u>\$76.6m</u>	<u>\$85.4m</u>	<u>\$95.5m</u>	<u>\$106.9m</u>
<b>Total Retail</b>	<b>\$172.2m</b>	<b>\$185.8m</b>	<b>\$201.0m</b>	<b>\$218.0m</b>
<b><u>Total Study Regions</u></b>				
FLG	\$470.8m	\$489.9m	\$517.8m	\$548.1m
Food Catering	\$121.7m	\$128.3m	\$137.2m	\$147.0m
Non-Food	<u>\$458.9m</u>	<u>\$509.6m</u>	<u>\$574.5m</u>	<u>\$648.7m</u>
<b>Total Retail</b>	<b>\$1,051.4m</b>	<b>\$1,127.8m</b>	<b>\$1,229.5m</b>	<b>\$1,343.8m</b>

Source: Essential Economics with the *MarketInfo*

Note: FLG refers to Food, Liquor & Groceries

## 10 RETAIL TURNOVER AND MARKET SHARE ANALYSIS

This Chapter presents a retail sales and market share analysis for centres in Latrobe City. The analysis is based on the retail spending and floorspace data provided in the previous Chapters, as well as industry data where available. The experience of the consultants in undertaking retail turnover and market share assessments for both the private and public sector is also relevant to the analysis. Where relevant, Council's Spendmapp data sent has also been used to inform the analysis.

### 10.1 Estimated Retail Sales

In 2018, activity centres in Latrobe City achieved estimated total retail sales of approximately \$1,164m, representing an average trading level of approximately \$5,120/m<sup>2</sup> (expressed in 2018 dollars and inclusive of GST). Table 10.1 provides a summary of estimated retail turnover by retail category for activity centres in Latrobe City.

These estimates have been prepared with the application of appropriate average trading levels (sales per square metre) to the retail floorspace estimates presented in Chapter 8. The sales estimates are based on published sales data (where available), and on information on likely trading performance gathered from floorspace surveys conducted by the consultant. The retail sales figures should therefore be regarded as a fair and reasonable approximation of existing trading conditions for centres in Latrobe City.

Importantly, these estimates refer to total retail sale at activity centres in the municipality, including sales that is attributable to residents of the municipality and to non-residents, including tourists, workers and other visitors.

**Table 10.1: Retail Turnover Estimates for Centres in Latrobe City, 2018**

Category	FLG	Food Catering	Non-Food	Total
Retail floorspace	49,940m <sup>2</sup>	27,360m <sup>2</sup>	149,980m <sup>2</sup>	227,190m <sup>2</sup>
Average trading level	\$9,780/m <sup>2</sup>	\$4,610/m <sup>2</sup>	\$3,660/m <sup>2</sup>	\$5,120/m <sup>2</sup>
<b>Total turnover</b>	<b>\$488.3m</b>	<b>\$126.3m</b>	<b>\$548.5m</b>	<b>\$1,163.1m</b>

Source: Essential Economics; Spend Map; industry sources

Note: Figures are in constant 2018 dollars

The overall average turnover level of \$5,120/m<sup>2</sup> is considered moderate and reflects the existing situation in Latrobe City where a relatively wide range of retailing is provided across numerous centres and across a wide range of retail categories.

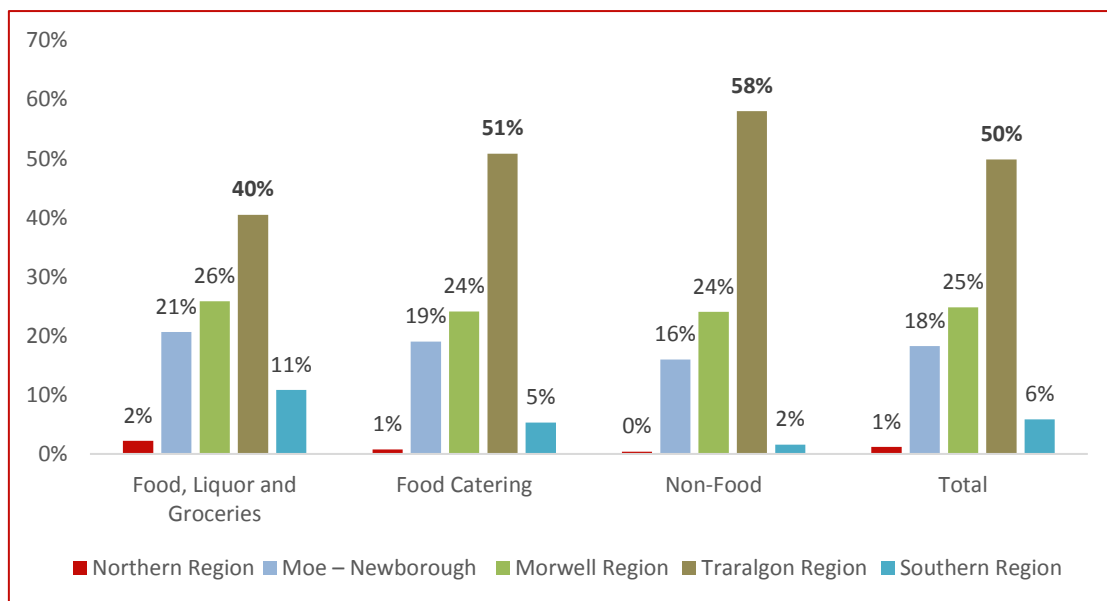
The relatively high average sales level for FLG retailers of \$9,780/m<sup>2</sup> reflects the dominance of supermarkets within this sector and their relatively strong performance in terms of sales. Supermarkets generally have an average sales level that is higher than for speciality shops.

Conversely, the lower average sales level for food catering and non-food retail sectors reflects the following:

- A relatively high proportion of retail floorspace that typically attracts lower sales levels such as retail services (e.g. hair and beauty), bulky goods, discount department stores, and in some locations a high number of retail tenancies occupied by op-shops.
- Relatively moderate sales performance of some centres including Moe CBD and Morwell CBD which include considerable amounts of food catering and non-food floorspace.

The distribution of retail sales throughout Latrobe City by study region and retail category is shown in Figure 10.1. The Traralgon region is by far the most dominant in terms of retail sales, accounting for 50% of total sales and 58% of non-food sales within Latrobe City. This reflects the presence of the strong performing Traralgon CBD, the expansive Argyle Street homemaker precinct, as well as Traralgon’s role as the municipality’s largest major town and primary focal location for population growth.

**Figure 10.1: Share of Retail Sales by Region, 2018**



Source: Essential Economics

## 10.2 Retail Sales Attributed to Latrobe Residents

In order to prepare an analysis of retail market shares captured retail centres Latrobe City, it is necessary to examine the extent to which retail sales are attributable to the municipality’s residents. This analysis is shown in Table 10.2 and is based on available information with respect to the catchments served by particular centres, and the consultant’s estimates based on likely trading patterns of centres in Latrobe City. Consideration has also been given to analysis of Council’s Spendmapp dataset.

Approximately \$851.7m (or 73% of total retail turnover) is estimated to be attributed to the retail spending of Latrobe City residents in 2018. The balance of approximately 27% of retail

turnover is derived from non-residents, including visitors to Latrobe City and purchases by trades and businesses, and is estimated at some \$311.4m.

**Table 10.2: Retail Turnover Attributed to Latrobe City Residents, 2018**

Category	FLG	Food Catering	Non-Food	Total
Total turnover	\$488.3m	\$126.3m	\$548.5m	\$1,163.1m
Share of turnover attributable to Latrobe City residents	83%	71%	65%	73%
<b>Total turnover attributable to Latrobe City residents</b>	<b>\$404.1m</b>	<b>\$89.6m</b>	<b>\$358.0m</b>	<b>\$851.7m</b>

Source: Essential Economics; Spendmapp; industry sources

Note: Figures are in constant 2018 dollars

### 10.3 Retail Market Share Analysis

In 2018, Latrobe City centres are estimated to capture approximately 81% (or \$852m) of the \$1,051m of available retail spending by Latrobe City residents. The balance of retail spending (\$200m) was directed to centres and retailers located beyond Latrobe City, and to other forms of shopping such as internet-only sales.

The analysis shows that a higher market share is achieved in FLG (86%), and this reflects the extent to which people tend to shop more locally at their closest and most convenient centre for these items. Food catering and non-food markets shares were 74% and 78% respectively, which are still considered to be relatively high.

Table 10.3 summarises this analysis of market share performance for centres in Latrobe City.

**Table 10.3: Latrobe City Market Share Analysis, 2018**

Category	FLG	Food Catering	Non-Food	Total
Total retail sales to Latrobe City residents	\$404m	\$90m	\$358m	\$852m
Total available retail expenditure	\$471m	\$122m	\$459m	\$1,051m
Market Shares	86%	74%	78%	81%

Source: Essential Economics; Spend Map; industry sources

Note: Figures are in constant 2018 dollars

A number of findings are evident from the above analysis that will inform the assessment of retail development potential (or retail needs) provided in the following Chapter. These findings include:

- 1 **Centres in the Latrobe City capture a relatively high share of the available retail spending by residents.** Accordingly, opportunities for increased retail provision will be generated by forecast population growth and increases in available spending, as well as increased spending generated by visitation. The scope to improve retail market shares to any significant degree is somewhat limited. The 2007 Retail Strategy Review noted that *“the retail equation in Latrobe is currently relatively balanced ie where current*

*demand is met by supply*”; having regard for the market share analysis presented above, it is reasonable to conclude that this also reflects the current-day situation.

- 2 **‘Escape spending’ is expected in the Latrobe City context.** As noted above, approximately \$200m in retail spending by Latrobe City residents ‘escapes’ to other centres and other forms of retailing (e.g. online purchases). More than 50% of this spending (or \$101m) is in non-food retailing and is likely to be directed to larger centres in metropolitan Melbourne, most notably Westfield Fountain Gate in Narre Warren which is approximately an hour drive from Moe. This situation will likely continue into the future as large regional centres in metropolitan Melbourne offer a wider-range of retailing than in Latrobe City by virtue of their larger and more densely populated catchments.
- 3 **Improvements to the performance of existing retailers will contribute to an increase in the level of retail service for the community.** Opportunities for improved retail choice and quality for local residents include the redevelopment of areas within centres that are not currently performing well, the introduction of improved business practises, and the attraction of new businesses – especially those which are not yet locally-represented. Given the prevailing high market shares observed by Latrobe City, the provision of additional floorspace would be generated by increased population growth and visitation.
- 4 **Future retail development opportunities are likely to respond to population growth and changes in retailing trends.** For instance, in recent years, food and dining have been strong performing retail sectors and coincide with a shift towards activity centres being a focus for socialising and meeting people, as opposed to solely shopping.

## 11 RETAIL DEVELOPMENT POTENTIAL

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This Chapter presents an analysis of the potential new retail development that could be supported in Latrobe City Council over the next 15 or so years.

### 11.1 Methodology

Forecasts of retail development potential in activity centres within Latrobe City have been prepared on the basis of the following approach:

- 1 Retailers will continue to capture an appropriate market share of the forecast available retail spending by residents in the municipality. Having regard for the relatively high market shares, it is assumed retailers will at least maintain existing market shares.
- 2 Local retailers in the municipality have potential to capture trade from people living beyond Latrobe City, including tourists and other passing trade. In addition, some retailers also derive a share of sales from non-retail customers such as other businesses and tradespeople. It is assumed the share of turnover sales by non-residents remains constant at 2018 levels.
- 3 An aggregation of the above sources of sales provides an estimate of the total future sales that might be achieved at centres in Latrobe City. By applying an appropriate average sales level (\$/m<sup>2</sup>), an indication of the total supportable retail floorspace can be calculated.
- 4 An estimate of total retail development potential is made by comparing total supportable floorspace (from point 3 above) against existing floorspace provision as outlined in Chapter 9.

### 11.2 Forecast Retail Sales and Retail Development Potential, 2018-2033

Total retail sales in activity centres located in Latrobe City are forecast to increase from \$1,163m in 2018 to \$1,496m in 2033, representing annual growth of 1.7% per annum (in constant 2018 dollars). This assumes retail market shares and the share of sales from beyond Latrobe City residents remain constant.

Forecast retail sales, analysis of potential supportable retail floorspace and the amount of new retail development that might be supported over the period 2018 to 2033 is summarised in Table 11.1.

This analysis is only intended to provide an **indication** only of the potential level of supportable retail development. In reality a myriad of factors (unknown today) will affect the exact quantity of new retail floorspace delivered over the next 15 years.



The potential for retail development in Latrobe City over the period 2018 to 2033 is estimated at approximately +42,000m<sup>2</sup> gross leasable floor area (figures rounded). This comprises the following broad estimates by retail category:

- An additional +4,200m<sup>2</sup> FLG retail floorspace to accommodate new or expanded supermarkets and specialty food, liquor and grocery stores.
- An additional +3,100m<sup>2</sup> of food catering retail floorspace, comprising new cafés, restaurants and takeaway food stores.
- An additional +35,000m<sup>2</sup> of non-food retail floorspace, which may comprise the development of additional speciality non-food retailers, retail services and bulky goods retailing.

The above estimates of future retail development potential are based on forecast sales levels with the application of average supportable retail trading levels (\$/m<sup>2</sup>). For the purpose of this assessment it is assumed the average trading level of FLG and food catering retailers will increase by an average of 0.5% per annum, while the average trading level of non-food retailers may increase by 1.0% per annum. These assumptions take into consideration the relatively strong average trading levels of retailers in the FLG and food catering categories (refer Section 10.1) and the opportunity to improve average trading levels for non-food retailers.

**Table 11.1: Retail Development Potential in Latrobe City, 2018-2033**

Category	Food, Liquor and Groceries	Food Catering	Non-Food	Total
Existing Retail Floorspace, 2018	49,940m <sup>2</sup>	27,360m <sup>2</sup>	149,890m <sup>2</sup>	227,190m <sup>2</sup>
<u>Retail Sales</u>				
2018	\$488.3m	\$126.3m	\$548.5m	\$1,163.1m
2033	\$568.4m	\$152.5m	\$775.5m	\$1,496.4m
Average annual growth	1.0%	1.3%	2.3%	1.7%
<u>Average Trading Level</u>				
2018	\$9,780/m <sup>2</sup>	\$4,610/m <sup>2</sup>	\$3,660/m <sup>2</sup>	\$5,120/m <sup>2</sup>
2033	\$10,500/m <sup>2</sup>	\$5,000/m <sup>2</sup>	\$4,200/m <sup>2</sup>	\$5,600/m <sup>2</sup>
Supportable retail floorspace, 2033	54,100m <sup>2</sup>	30,500m <sup>2</sup>	184,600m <sup>2</sup>	269,200m <sup>2</sup>
<b>Retail development potential, 2018-2033</b>	<b>4,160m<sup>2</sup></b>	<b>3,140m<sup>2</sup></b>	<b>34,710m<sup>2</sup></b>	<b>42,010m<sup>2</sup></b>

Source: Essential Economics

### 11.3 Potential Retail Development Opportunities

Having regard for the analysis presented in Table 11.1, the following discussion relates to specific retail development opportunities within Latrobe City over the next 15 years.

### ***Approved Retail Developments***

The development of approximately 9,200m<sup>2</sup> of retail floorspace has been approved but is yet to be constructed. This includes the following:

- **Marshall Road Neighbourhood Centre (Traralgon North)**, up to 4,700m<sup>2</sup> is approved including a Woolworths supermarket plus limited speciality retail floorspace. It is understood the first stage of the centre will comprise approximately 4,000m<sup>2</sup> with potential for an expansion of the Woolworths to occur later. At this stage, the exact development timing is unknown; however, it is anticipated that the centre will be developed within the next 15 years. While not all floorspace within the centre will be FLG, it is likely the Marshalls Road Neighbourhood Centre will account for the majority of Latrobe City's retail development potential in the FLG sector.
- **Proposed Foodworks supermarket in Moe (50 High Street)**, comprising a total of approximately 290m<sup>2</sup> of FLG floorspace. Development of this store is yet to commence.
- **Stockland Traralgon** expansion of approximately 570m<sup>2</sup>.
- **Proposed retail showroom at 63 Argyle Street, Traralgon** comprising approximately 500m<sup>2</sup> in floorspace.
- **Furniture Store to be built at Woodcutter Place, Traralgon East**, comprising around 3,160m<sup>2</sup> in floorspace.

Potential exists for an additional 32,800m<sup>2</sup> (approx.) of retail floorspace in Latrobe City, accounting for the above approved retail developments, over the 2018 to 2033 period.

### ***Re-use of Vacant Floorspace***

As noted earlier, approximately 31,320m<sup>2</sup> of vacant shopfront floorspace exists in Latrobe City activity centres and this accounts for 10.8% of total shopfront floorspace. If the vacancy rate in Latrobe City could be reduced to, say 8.0% without adding additional floorspace, this would equate to total vacant shopfront floorspace of approximately 23,100m<sup>2</sup>. Based on this assumption, vacant shopfront floorspace could *theoretically* absorb approximately 8,200m<sup>2</sup> of future retail demand. This provides a broad indication of the potential extent to which existing vacant floorspace could accommodate demand for floorspace, acknowledging that there will always going to be some level of vacancy within centres.

Another way to review the extent to which vacant floorspace could accommodate future demand is to assume that the three key centres which are experiencing high levels of vacancy could reduce their vacancy rates to 8.0%, while other centres maintain their vacancy rates which are considered reasonable. Combined, the Morwell and Moe CBDs and Mid Valley Shopping Centre account for 20,300m<sup>2</sup> of vacant shopfront floorspace and have a combined vacancy rate of 15.8%. Should these centres be able to accommodate new retail demand that reduces their vacancy rates to 8.0%, this equates to approximately 10,300m<sup>2</sup> of vacant floorspace or a reduction of approximately 10,000m<sup>2</sup> from current levels.

Apart from the Moe and Morwell CBDs, the high vacancy rate at Mid Valley Shopping Centre is a concern. The loss of the Target DDS and Coles supermarkets have created a significant issue in terms of vacant floorspace and a reduction in customer activity that would otherwise have been attracted to the centre. The Coles tenancy has since been occupied by Dimmeys.

Consultation with centre management indicates they are confident that they will be able to occupy the vacant space by early to mid-2019. Potential exists that a proportion of this space may be filled by a range of mini-majors and/or some specialities. It is unlikely the vacant Target tenancy will be occupied by another discount department store, having regard for the difficulties faced by this sector. It is understood that in the longer-term centre management are looking to shift the tenancy profile of the centre (as a whole) to accommodate a greater range of uses beyond retail – including allied health services and community uses.

### ***New Retail Development Opportunities***

The analysis presented in this Chapter indicates over the next 15-years potential demand for approximately 42,000m<sup>2</sup> of retail floorspace may eventuate. Accounting for approved developments which amount to approximately 9,000m<sup>2</sup> of floorspace and the potential for existing vacant floorspace to absorb up to 10,000m<sup>2</sup> of retail demand, potential exists for an approximately an additional 23,000m<sup>2</sup> of floorspace.

#### *Food, Liquor and Groceries*

Marshalls Road Neighbourhood Centre in Traralgon North and the proposed small Foodworks in Moe are anticipated to account for the majority of anticipated demand for FLG floorspace. Note, demand for FLG is very responsive to local population growth and should new residential growth areas experience rapid development and population growth, this may drive additional demand for convenience FLG retailing. Further commentary on the potential for new centres is provided in Section 11.4.

Furthermore, new retail formats may eventuate in the FLG sector over the next 15 years. For example, Kaufland are a new entrant to the Australian supermarket sector who currently are focused on opening stores in metropolitan locations. In the next 15 years, the potential may exist for Kaufland, or another market entrant, to become interested in regional areas such as Latrobe City. This would be similar to the roll-out of ALDI supermarket over the past 15 years.

#### *Food Catering*

Incremental growth in food catering is also expected to occur as the importance of activity centres as ‘destinations’ for socialising and civic interaction continues to increase. In this context, the approval of a new cinema and serviced apartment complex in Traralgon will likely increase the centre’s entertainment role and generate demand for additional food catering floorspace.

Moreover, in the longer term, the proposed bypassing of Traralgon, in conjunction with the public realm works proposed by the *Traralgon Activity Centre Plan* (2018) including a Highway Boulevard and Plaza style access to the Train Station, would result in improvement to the CBD’s amenity and attractiveness – and in turn present opportunities for the development of

retail uses in the area Princes Street that are ‘destinational’ in nature (higher-end restaurants/cafes, al fresco dining etc).

#### *Non-Food*

Both Traralgon and Morwell have significant areas of vacant Commercial 2 Zone located along the Princes Highway which provide opportunities for the development of additional bulky goods retailing.

The market appetite for the development of dedicated bulky goods (or homemaker centres) throughout Victoria (and Australia) has been subdued in recent years compared to say ,10-15 years ago. This is especially the case in regional Victorian locations where very limited development of dedicated bulky good retail development has occurred.

Latrobe City is reasonably well-represented in terms of national brand large format retailers. However, there remains a number of national brand bulky goods retailers that are not currently represented in Latrobe City, including Anaconda, Amart Furniture, Adairs and Decathlon (a new market entrant in the sports retailing sector) which may generate demand for a new bulky goods centre. In addition, continued population over the next 15 years and beyond will support this form of development.

In addition to bulky goods development, opportunities for incremental growth in non-food retailing in the form of speciality and mini-majors is expected to occur within centres as a result of population growth. For example, it is understood Stockland Traralgon have plans for a moderate expansion in the future (at a time when market demand warrants) to accommodate new floorspace which may involve both mini-majors and speciality retail floorspace.

### **11.4 Longer-term Opportunities for New Centres**

The retail development opportunities identified so-far in this Chapter are based on the population forecasts presented in Chapter 5, which in turn are based on official State Government projections (*Victoria in Future, 2016*). It is noted that these projections broadly represent a continuation of recent population growth trends over the next five years before a slight acceleration in population growth occurs.

Between 2018 and 2033, a net increase of +8,700 persons is forecast for Latrobe City with the majority (+5,370 persons, or 62%) of this growth forecast for the Traralgon region. To put this into perspective, typically a large full-line supermarket requires a catchment of around 10,000 persons. This benchmark does vary depending on the local context of each site including its location, accessibility and level of nearby competition.

It is anticipated that the majority of future population growth over the next 15 years in Latrobe City will be accommodated within approved greenfield development areas as well as existing residential zones. In the Traralgon context, this includes greenfield land to the north which will support the future development of the approved Marshalls Road neighbourhood centre.

Significant areas of potential future residential land in Latrobe City have been identified in various approved development plans and other strategic planning documents (refer Section

5.3) which could potentially accommodate at least 12,600 dwellings and a population of approximately 29,000 persons. This does not include the expansive areas identified in TGAR for future residential development.

While the potential for new activity centres have been identified in various strategic planning documents, demand for these centres is unlikely to eventuate over the next 15 or so years, unless population growth accelerates, and a critical mass of populations occur that could support new centres.

Importantly, if demand for some potential centres does eventuate, a key role of the **Retail Strategy** is to provide an appropriate decision-making framework to assist Council officers in assessing development proposals from a retail planning perspective. In many cases, more localised planning will be required to identify constraints to land, land to be rezoned, eventual development yields, demand for retail and commercial uses, and opportunities for employment uses, etc. The level of support (or otherwise) for new centres or potential timing of development can be best determined by at a time when detail local planning occurs for these areas.

A summary of potential identified new neighbourhood centres along with a comment on their opportunities is provided in Table 11.1. In addition to neighbourhood centres identified in Table 11.1, numerous local centres have also been identified (refer Figure 7.1) and the future development of the centres will need to respond to local demand.

**Table 11.1: Overview of Identified Potential New Centres**

Centre	Strategic Planning Document	Comment
<b>Traralgon East Neighbourhood Centre (potential)</b>	TGAR	Potential long-term opportunity. Will require a large proportion of future residential land identified in TGAR to the east of Traralgon to be developed. Identification of preferred location for a neighbourhood centre will need to be resolved when more detailed local-level planning occurs.
<b>South East Traralgon Neighbourhood Centre (potential)</b>	Traralgon Structure Plan, MSS (Clause 21.02)	Potential for a neighbourhood centre has been identified in South East Traralgon for some time. Support for a centre will rely on the development of land identified for future residential use.
<b>Traralgon West Neighbourhood Centre (potential)</b>	Traralgon West SP and TGAR	Centre will service employment precinct and future residential areas. Retail demand assessment has been undertaken as part of background analysis informing the yet-to-be adopted MTEC which supports the long-term opportunity for a neighbourhood centre.

Source: Latrobe City Council; Essential Economics

## 12 STAKEHOLDER CONSULTATION FINDINGS - ISSUES AND OPPORTUNITIES

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In preparing this Background Report, the following consultation was undertaken:

- Breakfast Workshop on 19 October 2018 with developers, private sector planners, retailers and members of local community and commerce groups (attended by eight people).
- Afternoon Workshop on 19 October 2018 with local and state government agency representatives (attended by ten people).
- Numerous one-on-one consultations with key stakeholders in the Latrobe City retail sector including centre management at Stockland Traralgon and Mid Valley Shopping Centre.

The discussion within the above forums, along with the analysis presented in this report and observations made during field visits have informed the identification of the following regional-level issues and opportunities that may need consideration when preparing the Retail Strategy. Centre specific issues and opportunities are identified in Part B: Centre Profiles.

### ***Key Issues, Concerns and Constraints for the Retail Sector***

- High retail vacancy rates of Moe CBD, Morwell CBD and Mid Valley Shopping Centre.
- Concerns over the future of the Mid Valley Shopping Centre in view of the recent loss of two major retailers (Target and Coles) and the impact of a new cinema complex in Traralgon on Village Cinemas at Mid Valley.
- Planning for numerous residential growth fronts in the future may dilute the opportunity for planned new centres to develop over next 15 years, in view of Latrobe City's forecast population and spending growth.
- Proximity of Traralgon, Moe, Morwell, Mid Valley and Churchill results in the retail catchments for these centres overlapping to a significant degree. In particular, Mid Valley Shopping Centre competes with Morwell CBD for local spending and vice versa.
- Traralgon-centric growth and investment, with comparably limited private-sector investment in other centres.
- Low quality urban environment in selected areas.
- Both Morwell and Moe CBDs are dissected by the railway which has created two separate precincts in both CBDs, with one precinct in each CBD performing significantly below the other.

- Lack of dedicated bulky goods centre with bulky goods retailing currently dispersed along the Princes Highway (Argyle Street) in Traralgon contributing to a low-quality urban environment.
- Potential Traralgon-bypass may result in impacts to retail businesses in Traralgon that rely on passing trade.
- Lack of quality visitor accommodation.
- Lack of caravan or long bay car parking in some areas resulting in missed trade
- Limited presence of late-night traders in Morwell and Moe CBDs.
- Moe and Morwell retail sectors are impacted by a poor perception/stigma which some consider impacts the private sector investment in the township.

### ***Potential Opportunities***

- Opportunity to create longer stays in Latrobe City through provision of better-quality accommodation in activity centres.
- Traralgon bypass presents an opportunity to improve the urban environment in the Traralgon CBD which may present opportunities for further investment in the retail sector. The public realm and other improvements identified by the *Traralgon Activity Centre Plan* (2018) are also noted in this context.
- Opportunities for retailers in the Morwell CBD to benefit from an increased white-collar workforce attributed to the future GovHub.
- Potential for retailers to benefit from increased visitation to Traralgon generated by the development of the Latrobe Creative precinct and Aquatic Centre.
- Improvements to regional rail as a catalyst for urban development in Latrobe Valley, and potential to contribute to the attractiveness of Moe for residential development.
- Potential to improve the perception of small towns and centres as destinations to visit and leverage scenic and historic attributes to increase visitation.
- Potential to increase visitation and spending through the support of festivals, markets and events which are aligned with marketing strategies for individual townships.
- Opportunity to activate vacant shopfronts with cultural and community uses.
- Areas with lower rental rates represent an opportunity for local entrepreneurship.

## 13 KEY CONSIDERATIONS FOR THE RETAIL STRATEGY

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The **Latrobe City Retail Strategy** should have regard for the following key considerations derived from the research, analysis and discussion presented in this Background Report:

- 1 **Build upon existing policy:** The Retail Strategy should build upon existing strategic policy, including the State Planning Policy Framework and the Local Planning Policy Framework of the Latrobe Planning Scheme which provide a sound strategic basis.
- 2 **Existing retail hierarchy:** The Retail Strategy should identify a retail hierarchy which states the role and function of centres, and takes into consideration the existing retail hierarchy as follows:
  - Regional Retail Centre: Traralgon CBD
  - Sub-regional Retail Centre: Moe CBD, Morwell CBD and Mid Valley Shopping Centre.
  - Large Town Centre of Churchill.
  - Neighbourhood Centre: Including existing centres (Newborough), approved centres (Traralgon North) and potential centres (Traralgon East, South East Traralgon and Traralgon West).
  - Small Town Centre: Glengarry, Yallourn North, Boolarra, Yinnar, Tyers, Traralgon South, Toongabbie.
  - Local Centres: Numerous existing and planned.
  - Homemaker Precincts: Argyle Street (Traralgon East) and Morwell East.

The Retail Strategy should provide a focus on ensuring each centre has a role and function identified in the hierarchy that contributes to the commercial viability of individual centres, local service provision and a complementary retail offering at the regional level, in view of the ‘networked city’ settlement structure of the major towns in Latrobe City.

- 3 **High vacancy rates in Moe and Morwell CBD, and Mid Valley Shopping Centre:** Moe CBD, Morwell CBD and Mid Valley are all experiencing high retail vacancy rates. Avenues to improve the viability and activity levels within these centres need to be considered, and include:
  - Options to improve urban environments/public realm.
  - Consideration of the optimal land use type in poor performing precincts.
  - 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.



- Support innovative methods of re-use of vacant floorspace that may assist in improving activity levels.
- 4 **Traralgon-centric growth and investment:** Traralgon has been the focus for population growth and private sector investment; forecasts indicate that Traralgon will continue to be the major focus for population growth. Accordingly, this forecast growth will support retail development opportunities and improved performance of retailers in Traralgon. In contrast, the limited growth forecast for Moe and Morwell may reduce the prospects for significant investment in retail sectors of these towns (compared to Traralgon).
- 5 **Future retail development opportunities:** Demand for approximately 42,000m<sup>2</sup> of retail floorspace is forecast over the 2018 to 2033 period, which is anticipated to present the following retail opportunities over the next 15 years:
- Support for approximately 9,200m<sup>2</sup> of approved retail floorspace, including the Traralgon North neighbourhood centre and a small Foodworks supermarkets in Moe.
  - Indicative potential to occupy up to approximately 10,000m<sup>2</sup> of vacant floorspace in Moe CBD, Morwell CBD and Mid Valley Shopping Centre. For this to occur the overall operating environment for Moe and Morwell will need to improve in order to attract new retailers and businesses.
  - Traralgon North neighbourhood centre and the proposed small Foodworks in Moe are anticipated to account for the majority of anticipated demand for FLG floorspace. However, demand for Food, Liquor & Groceries (FLG) is very responsive to local population growth and should new residential growth areas experience rapid development and population growth, this will drive additional demand for convenience retailing, in particular FLG.
  - Incremental growth in food catering is expected to occur as activity centres continue to evolve into more important social and meeting places providing a wider range of uses than traditional retailing.
  - Potential for the development of Commercial 2 Zoned land in Traralgon and Morwell for a dedicated bulky goods retail precinct remains and should be considered in the future planning for these areas.

*Note: the above forecasts of retail floorspace are indicative and intended to be used as a guide only. Changes in population, spending, retail and consume trends, and the entry of new retail formats will have an influence of forecast retail floorspace demand.*

- 6 **Development of new centres in growth areas:** Numerous neighbourhood centres have been identified in Traralgon's growth areas to the east, south-east and west. Demand for these centres is unlikely to eventuate over the next 15 or so years. In essence, there is unlikely to be sufficient demand to accommodate new FLG retail development at these sites based on the forecast population growth and spending. However, these centres should continue to be identified in the retail hierarchy as *potential centres*, with details regarding the centre size, exact location, and timing determined when local area planning occurs. Market demand and potential impact on the retail hierarchy of any new centres should be illustrated by the developer/land owner when applying for any rezoning or planning permit.

- 7 **The need for retailers and centres to respond to changing consumer and market demands:** Retail is a dynamic industry which is constantly responding to changing consumer trends. The Retail Strategy needs to ensure an appropriate level of policy flexibility is provided that enables retailers to prosper and respond to future trends. Policy flexibility is also needed in view of the potential for new retail formats or market entrants that may change the dynamics of the retail sector in Latrobe City.
- 8 **Support for small town centres:** The Strategy should consider ways to continually improve the performance of small town Centres, particularly those located in smaller settlements and subject to negligible visitation. This may involve the active promotion and development of tourism/visitation aspects.

## PART B: CENTRE PROFILES

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**Part B: Centre Profiles** provides a high-level overview of existing regional retail centres, sub-regional retail centres, large town centres, neighbourhood centres and small town centres within Latrobe City’s retail hierarchy. This overview included any relevant issues or opportunities.

Note, the role and function of each centre as part of the identified retail hierarchy for Latrobe City is described in the *Strategy and Implementation* volume of this study.

## 14 TRARALGON CBD

Traralgon CBD is identified as the **regional retail centre** serving Latrobe City and wider Gippsland. The centre provides an expansive retail offer, as well as a wide range of entertainment, commercial, community and recreational facilities. The CBD's current role will be further strengthened by planned projects including the Latrobe Creative Precinct, Gippsland Regional Aquatic Centre and public realm and other improvements identified in the *Traralgon Activity Centre Plan (2018)* and *Traralgon Station Precinct Master Plan (2011)*.

In total, approximately 77,130m<sup>2</sup> of shopfront floorspace is accommodated in the centre comprising occupied retail (62,470m<sup>2</sup> or 81% of total shopfront floorspace), office shopfront (9,700m<sup>2</sup> or 13%) and vacant shopfront (4,960 or 6%). In addition, Traralgon CBD is Latrobe City's the main commercial office location and contains a significant extent of dedicated commercial office floorspace.

Around 30% of occupied retail floorspace in Traralgon's CBD is accommodated within Stockland Traralgon – a centrally managed, internal shopping centre. Stockland Traralgon is anchored by key tenants Kmart and Coles. Key tenants located in the balance of the CBD include Woolworths, Target Country, Dan Murphy's, Harris Scarfe and Best & Less.

Traralgon's CBD is dissected by the Princes Highway. A bypass of Traralgon is planned but the timing of the project is unclear at this stage.

**Table 14.1: Traralgon CBD, Shopfront Floorspace, 2018**

Category	Stockland Shopping Centre	Traralgon CBD (balance)	Total
FLG	5,060m <sup>2</sup>	7,340m <sup>2</sup>	12,400 m <sup>2</sup>
Food Catering	810m <sup>2</sup>	8,780m <sup>2</sup>	9,590m <sup>2</sup>
<u>Non-Food</u>	<u>13,280m<sup>2</sup></u>	<u>27,200m<sup>2</sup></u>	<u>40,480m<sup>2</sup></u>
<b>Total Occupied Retail</b>	<b>19,150m<sup>2</sup></b>	<b>43,320m<sup>2</sup></b>	<b>62,470m<sup>2</sup></b>
Shopfront Office	0m <sup>2</sup>	9,700m <sup>2</sup>	9,700m <sup>2</sup>
<b>Total Occupied Shopfront</b>	<b>19,150m<sup>2</sup></b>	<b>53,020</b>	<b>72,170</b>
Vacant Shopfront	300m <sup>2</sup>	4,660m <sup>2</sup>	4,960m <sup>2</sup>
<b>Total Shopfront Floorspace</b>	<b>19,450m<sup>2</sup></b>	<b>57,680m<sup>2</sup></b>	<b>77,130m<sup>2</sup></b>
Vacant Shopfront Rate %	1.5%	8.1%	6.4%

Source: Essential Economics Retail Floorspace Survey (October 2018), Australian Property Council Shopping Centre Directory (2017) & Stockland

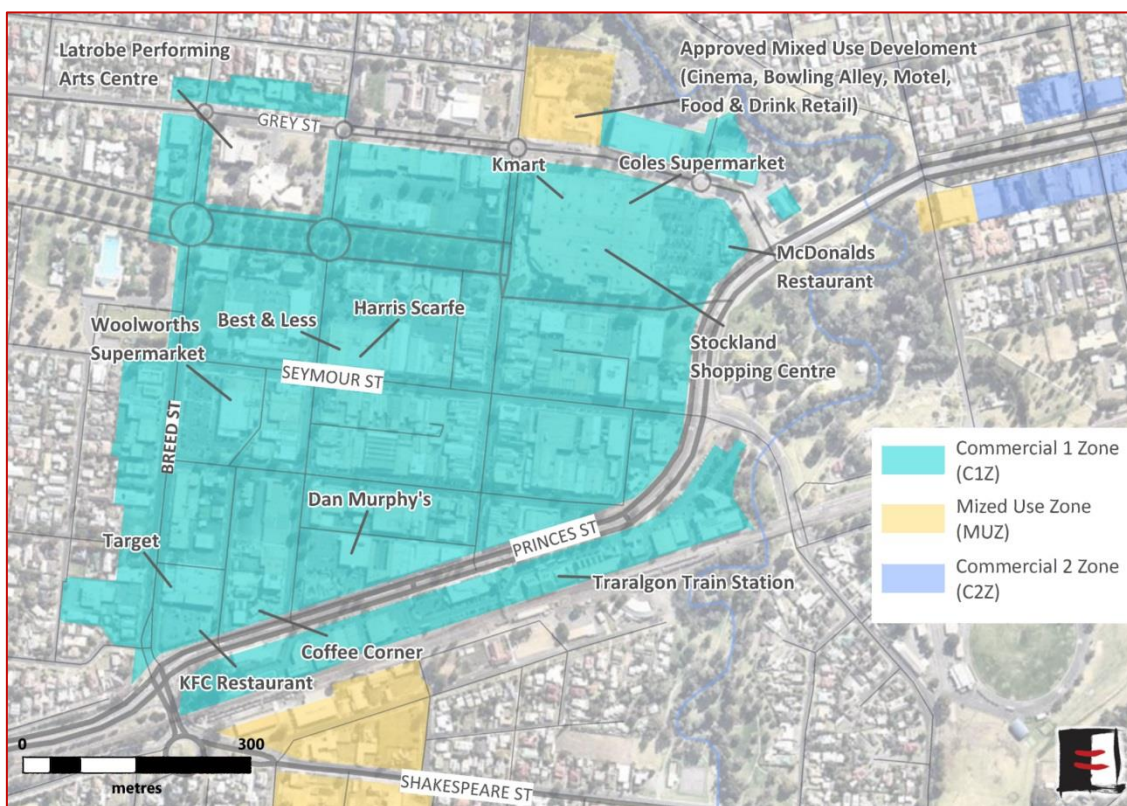
**Centre Issues**

- Poor on-street amenity in the areas nearby the Princes Highway.
- Lack of sites to accommodate new development with large built footprints.
- Limited opportunities to expand the CBD due to highly fragmented land surrounding the centre.
- Potential for short-term impacts associated with planned bypass.
- Limited examples of heritage buildings upon which the centre’s ‘character’ can be formed.

**Centre Opportunities**

- Potential to benefit from major arts, culture and recreational projects occurring in the CBD.
- Addition of a new cinema will contribute to the entertainment role of the centre, providing further opportunities for night-time activity.
- Potential to improve attractiveness and quality of the urban environment in those areas where on-street amenity is poor.
- Opportunities for mixed use development in the centre.
- Lack of opportunities to expand the centre geographically will encourage a higher density form of development.
- Planned bypass provides an opportunity for improved amenity within the centre and may contribute to its destination appeal.

**Figure 14.1: Traralgon CBD (Regional Retail Centre)**



Essential Economics with Nearmap, StreetPro & DELWP (PlanZone)

## 15 MORWELL CBD

Morwell CBD is one of three **sub-regional retail centres** identified in Latrobe City; the others being Moe CBD and mid Valley Shopping Centre. The centre provides 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.

Morwell CBD also performs an important government sector role in accommodating the Latrobe City Council offices as well as other local and state government agencies. The planned GovHub development will be located in the northern portion of Morwell's CBD.

The area immediately south of Commercial Road and west of Hazelwood Road in the southern precinct of Morwell's CBD 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's CBD also contains a limited range of entertainment, community and commercial offices.

In total, approximately 50,180m<sup>2</sup> of shopfront floorspace is accommodated in the centre comprising occupied retail (31,280m<sup>2</sup> or 62%), office shopfront (10,700m<sup>2</sup> or 21%) and vacant shopfront (8,200 or 16%). Major retailers in the centre include Coles, ALDI, Harvey Norman and Cheap as Chips.

Gippsland regional railway dissects the Morwell CBD, effectively dividing the centre into two separate precincts: a northern precinct and a southern precinct. Around 75% of occupied retail floorspace is located to the south of the rail line, with the balance (25%) accommodated in the northern precinct. The northern precinct has an extremely high vacancy rate of approximately 29.9%.

**Table 17.1: Morwell CBD, Shopfront Floorspace, 2018**

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

Source: Essential Economics Retail Floorspace Survey (October 2018)



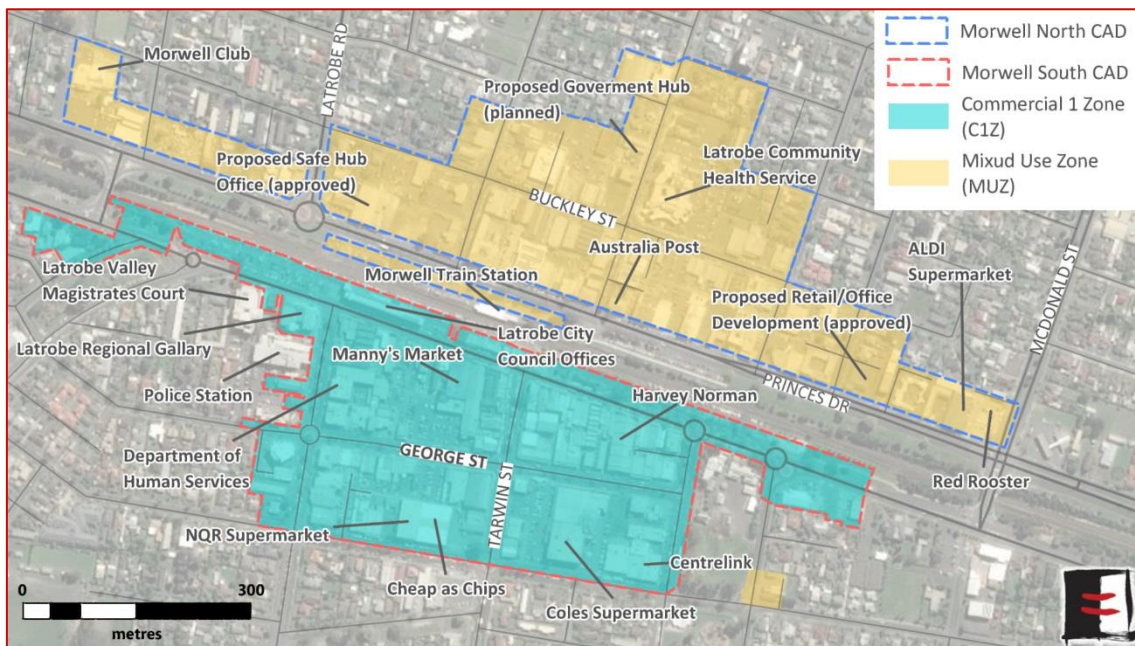
### Centre Issues

- 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.
- Limited population growth along with a relatively poor market perception have contributed to limited recent private sector investment.

### 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.

**Figure 15.1: Morwell CBD (Sub-Regional Retail Centre)**



Essential Economics with Nearmap, StreetPro & DELWP (PlanZone)

## 16 MID VALLEY SHOPPING CENTRE

Mid Valley Shopping Centre, located on Princes Drive around 2.5km east of Morwell’s CBD, performs a **sub-regional retail centre** role in the Latrobe City retail hierarchy.

Comprising some 32,210m<sup>2</sup> in shopfront floorspace, Mid Valley is the largest internal shopping centre in Gippsland ahead of Stockland Traralgon (19,450m<sup>2</sup> in total shopfront floorspace) and Gippsland Centre in Sale (20,320m<sup>2</sup>).

Unlike Stockland Traralgon which forms part of the wider Traralgon CBD regional retail centre, Mid Valley is isolated from the balance of the CBD, and therefore acts as a singular retail centre (in its own right). The centre is currently anchored by Woolworths (supermarket), Big W, Dimmeys and Bunnings. Village Cinemas, Latrobe City’s only cinema complex is located within the centre; however, the Village Cinemas may come under increased competition stemming from the development of a proposed cinema complex in Traralgon.

Mid Valley is currently in a period of transition having recently lost anchor tenants Coles and Target in mid-2018. At the time of writing, only the Coles space has been re-tenanted (with discount retailer Dimmey’s). Centre management are confident the former-Target tenancy will be re-tenanted in early 2019.

Centre management’s longer-term vision for Mid Valley is to draw additional patronage by promoting retail and services which is complimentary to Stockland Traralgon and other nearby centres. Accordingly, management are seeking to promote the establishment of wider mix of uses at the centre beyond retail – including allied health uses and a dedicated medical centre.

**Table 16.1: Mid Valley Shopping Centre, Shopfront Floorspace, 2018**

Category	Total
FLG	3,890m <sup>2</sup>
Food Catering	680m <sup>2</sup>
Non-Food	19,950m <sup>2</sup>
<b>Total Retail</b>	<b>24,520m<sup>2</sup></b>
Shopfront Office	630m <sup>2</sup>
<b>Total Occupied Shopfront</b>	<b>25,150m<sup>2</sup></b>
Vacant Shopfront	7,060m <sup>2</sup>
<b>Total Shopfront Floorspace</b>	<b>32,210m<sup>2</sup></b>
Vacant Shopfront Rate %	21.9%

Source: Essential Economics Retail Floorspace Survey (October 2018); Mid Valley Shopping Centre



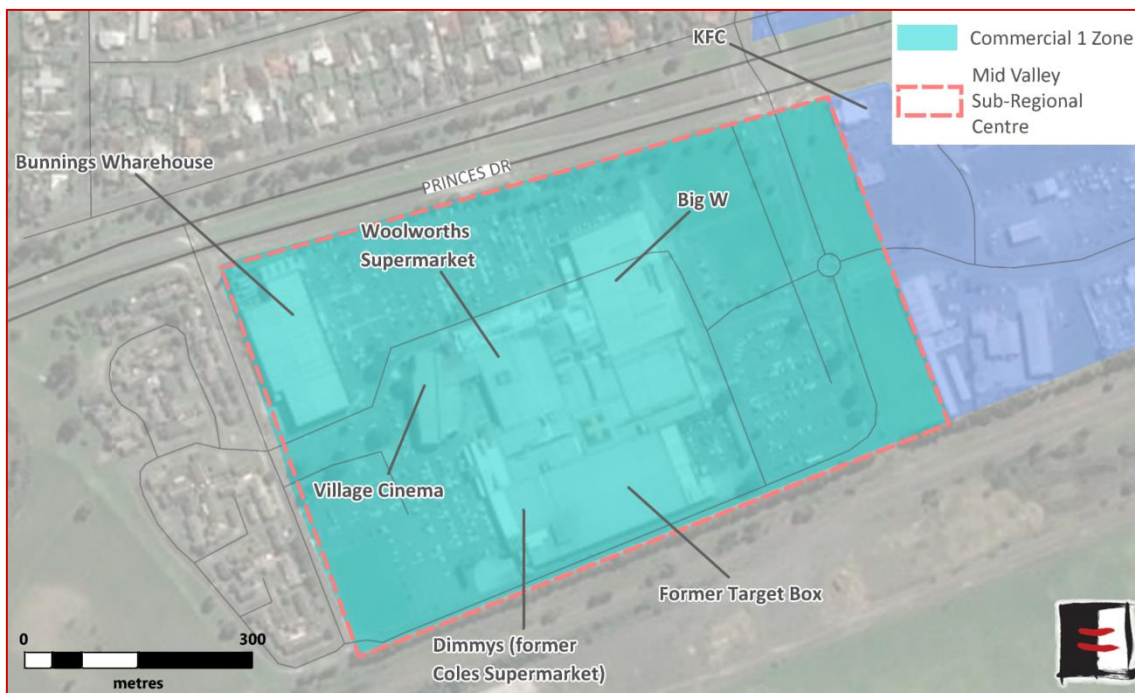
### Centre Issues

- Strong level of competition from the Traralgon CBD (including Stockland Traralgon) and the Morwell CBD.
- Poor urban environment (particularly outdoor areas), and lack of integration between different precincts – particularly the Cinema between the main centre building.
- Recent loss of anchor tenants Coles and Target.
- The vacancy rate (21.9%) is extremely high for a centrally managed shopping centre, noting that the current rate is informed by the majority of the former Target space being vacant.
- Low historic population and spending growth in Morwell.
- The planned development of a new cinema complex in Traralgon CBD will increase the competitive pressures on the centre.

### Centre Opportunities

- Opportunity to diversify retail and non-retail offering.
- Significant areas of land and car parking surrounding the centre present potential future development opportunities.
- Opportunities to build upon the centre’s entertainment role, given the presence of Village Cinemas the centre provides limited complementary dining options.
- Improve the attractiveness and amenity of the centre’s outdoor environs.
- Improve the legibility of the centre and connectedness of different nodes.
- Develop a complimentary land use offer to Stockland Traralgon and other nearby centres.
- Opportunity for increased local spending associated with the higher density housing planned in proximity to the centre by Live Work Latrobe – Housing Strategy (2017)

**Figure 16.1: Mid Valley (Sub-Regional Retail Centre)**



Essential Economics with Nearmap, StreetPro & DELWP (PlanZone)

## 17 MOE CBD

Moe's CBD performs a **sub-regional retail centre** role in the Latrobe City retail hierarchy. Like Morwell, Moe's CBD comprises separate areas to the north and south of the Gippsland regional rail line which runs east-west through the town. Moe's CBD provides retail services at the sub-regional level serving a primary trade area that comprises Moe-Newborough and immediate surrounds.

In total, the centre comprises 46,560m<sup>2</sup> of total shopfront floor space, with occupied retail space accounting for 34,930m<sup>2</sup> or (75% of total floorspace). Anchor tenants include full-line Woolworths and Coles supermarkets, ALDI (supermarket), Harvey Norman and Kmart (discount department store). Moe CBD also provides a range of civic, community and entertainment facilities and services (eg. library, hotels, RSL, employment services, etc); and a commercial office sector focusing on business and personal services commercial space (eg. Banks, accountants, real estate, insurance, etc).

The majority (92% or 32,250m<sup>2</sup>) of total occupied retail floorspace is located to the north of the rail line, while the balance (8% or 2,680m<sup>2</sup>) located in the southern area. The northern area has a shopfront vacancy rate of 10.2% which is reasonably high for a regional centre with a sub-regional service role. The area to the south of the rail line is characterised by a significantly higher shopfront vacancy rate (16.1%) and a lack of new investment.

**Table 19.1: Moe CBD, Shopfront Floorspace, 2018**

Category	Moe CAD North	Moe CAD South	Total
FLG	8,840m <sup>2</sup>	180m <sup>2</sup>	9,020m <sup>2</sup>
Food Catering	3,590m <sup>2</sup>	590m <sup>2</sup>	4,180m <sup>2</sup>
<u>Non-Food</u>	<u>19,820m<sup>2</sup></u>	<u>1,910m<sup>2</sup></u>	<u>21,730m<sup>2</sup></u>
<b>Total Occupied Retail</b>	<b>32,250m<sup>2</sup></b>	<b>2,680m<sup>2</sup></b>	<b>34,930m<sup>2</sup></b>
Shopfront Office	4,900m <sup>2</sup>	1,660m <sup>2</sup>	6,560m <sup>2</sup>
<b>Total Occupied Shopfront</b>	<b>37,150m<sup>2</sup></b>	<b>4,340m<sup>2</sup></b>	<b>41,490m<sup>2</sup></b>
Vacant Shopfront	4,240m <sup>2</sup>	830m <sup>2</sup>	5,070m <sup>2</sup>
<b>Total Shopfront Floorspace</b>	<b>41,390m<sup>2</sup></b>	<b>5,170m<sup>2</sup></b>	<b>46,560m<sup>2</sup></b>
Vacant Shopfront Rate %	10.2%	16.1%	10.9%

Source: Essential Economics Retail Floorspace Survey (October 2018)

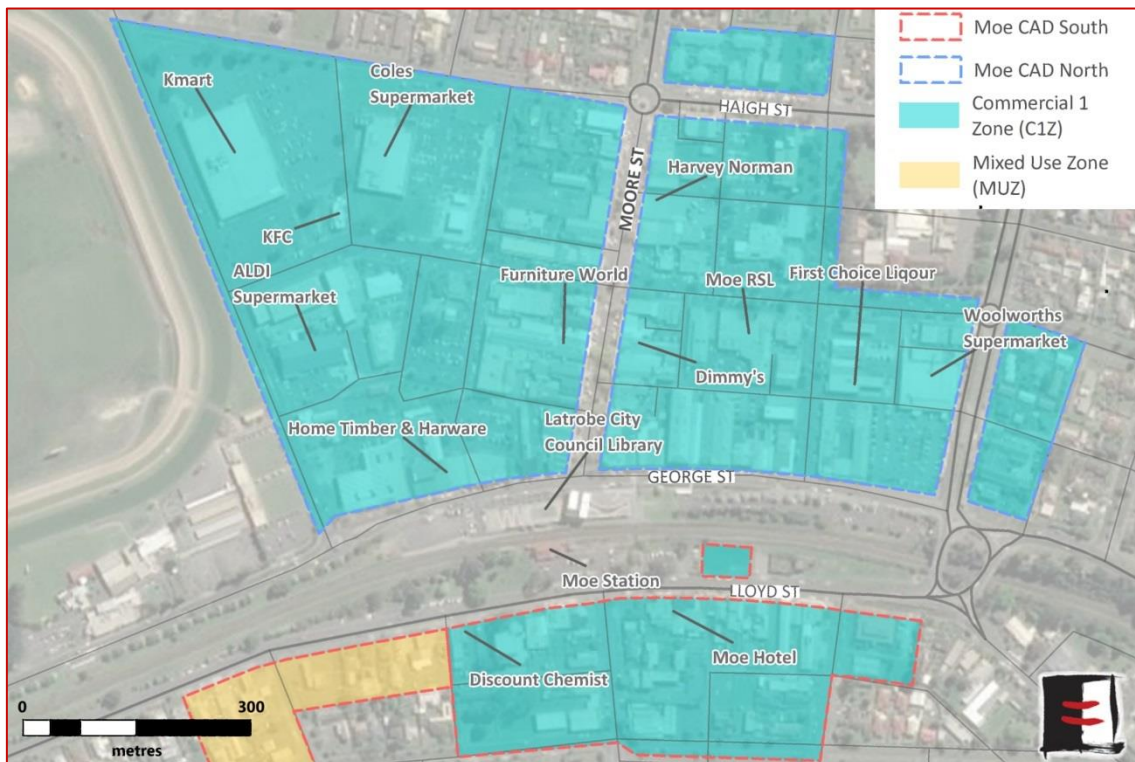
**Centre Issues**

- The quality of the public realm and built form is poor in parts contributing to a ‘tired appearance’ of the centre as-a-whole.
- Rail line severance contributes to a disjointed CBD area comprising two separate precincts.
- The smaller southern precinct lacks anchor tenants and has a high shopfront vacancy rate (16.1%).
- Lack of integration of major tenants with other nearby businesses, especially Coles and Kmart, limits the ability of smaller businesses to leverage the customer activity generated from anchor tenants.
- Limited population growth along with a relatively poor market perception have contributed to limited recent private sector investment.

**Centre Opportunities**

- Improve connectedness of major anchor tenants with nearby businesses.
- Improving the ‘destination appeal’, of the CBD area for Moe residents and visitors through urban design works that improve attractiveness, comfort and connectedness.
- Improve the quality of the building stock by encouraging new investment and the redevelopment of derelict buildings.
- Potential to consider a revised role of the CBD area to the south of the railway line.
- Increased local population growth and spending associated with the potential residential development at Lake Narracan.

**Figure 17.1: Moe CBD (Sub-Regional Retail Centre)**



Essential Economics with Nearmap, StreetPro & DEWLP (PlanZone)

## 18 CHURCHILL

Churchill performs the role of **large town centre** in the Latrobe City retail hierarchy and provides a range of retail geared to service local resident’s daily convenience needs. Churchill town centre comprises 8,640m<sup>2</sup> in total shopfront floorspace with occupied retail floor space comprising some 7,780m<sup>2</sup> (or 90% of total shopfront area).

The centre has a very low shopfront vacancy rate of 1.9% and is characterised by reasonably strong average trading levels. A Woolworths supermarket, Richie’s Supa IGA (supermarket) and Richie’s Mitre Ten are the anchor retail tenants. Other non-retail uses include a hotel (pub), Australia Post, the Latrobe City Churchill Library and the Federation University Children’s Centre.

Churchill township is unique in the Latrobe City context in that it accommodates a major university campus (Federation University). The centre duly captures a share of trade from those university students living on campus during teaching periods. Churchill also provides a range of local services including a medical centre and childcare facilities.

Note, Churchill township also contains a local centre (located off Churinga Drive) which serves a purely convenience role for those residents in the south-eastern area of the township.

**Table 18.1: Churchill Neighbourhood Centre, Shopfront Floorspace, 2018**

Category	Total
FLG	5,050m <sup>2</sup>
Food Catering	1,100m <sup>2</sup>
<u>Non-Food</u>	<u>1,630m<sup>2</sup></u>
<b>Total Retail</b>	<b>7,780m<sup>2</sup></b>
Shopfront Office	700m <sup>2</sup>
<b>Total Occupied Shopfront</b>	<b>8,480m<sup>2</sup></b>
Vacant Shopfront	160m <sup>2</sup>
<b>Total Shopfront Floorspace</b>	<b>8,640m<sup>2</sup></b>
Vacant Shopfront Rate %	1.9%

Source: Essential Economics Retail Floorspace Survey (October 2018)



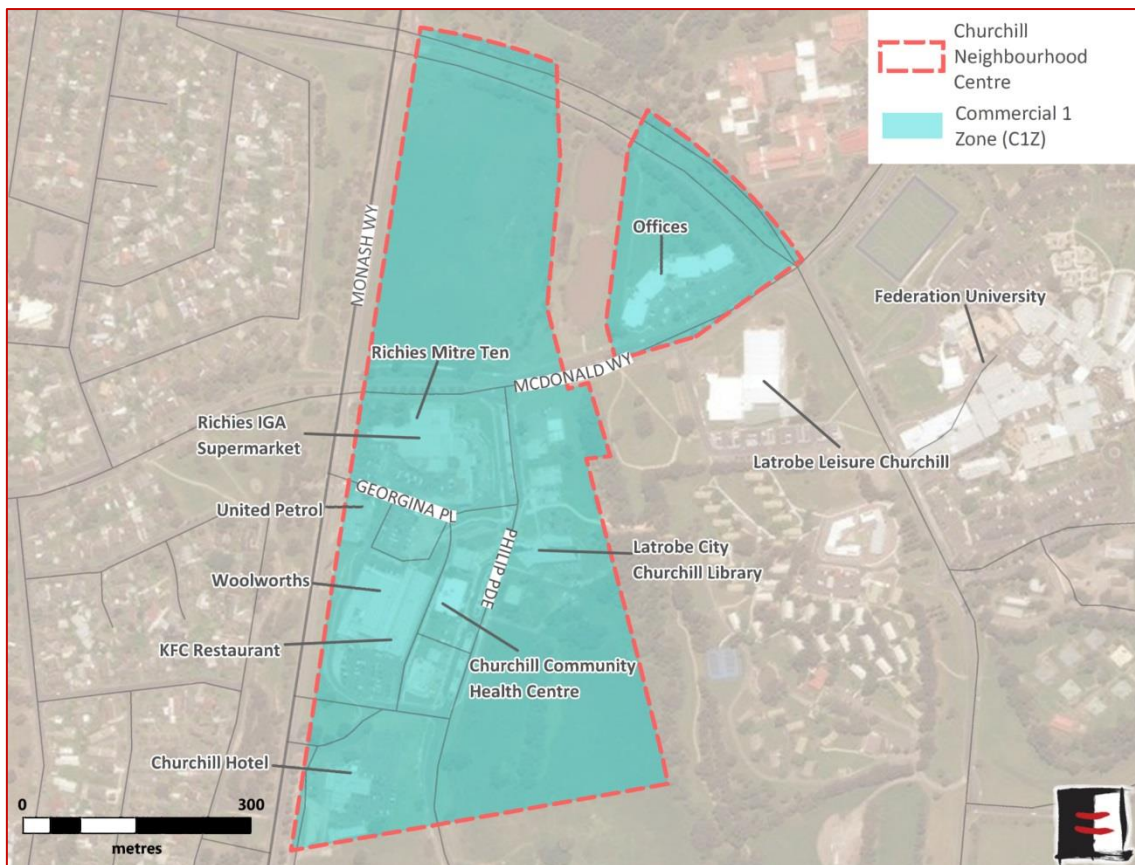
**Centre Issues**

- Existing centre is surrounded to the north, east and south by significant areas of vacant land zoned Commercial 1 and Residential Growth Zone, which at present limits the walkability of the centre from these directions.
- No other significant issues are apparent for this centre in the context of its identified neighbourhood service role.

**Centre Opportunities**

- Potential new retail development and/or growth in current sales levels generated by ongoing urban development in the township.
- Churchill West Development Plan – an 87-hectare site (approx.) planned to accommodate some 670 lots when fully developed, is noted in this context.
- In addition, significant areas of vacant land surround the centre that may be available for development in the future.
- The Churchill Town Centre Plan was completed in 2007, potential exists to review the plan in the context of changes that have occurred over the past 10 or so years.

**Figure 18.1: Churchill (Neighbourhood Centre)**



Essential Economics with Nearmap, StreetPro & PlanZone

## 19 NEWBOROUGH (MONASH ROAD)

A small neighbourhood centre is located at the junction of Monash Road and Rutherglen Road in Newborough which provides a limited range of convenience retail for local residents.

The centre comprises approximately 4,460m<sup>2</sup> in total shopfront floorspace, of which, approximately 62% currently accommodates retail uses. Around 26% of the centre’s shopfront floorspace is occupied by office uses – a significantly high rate of shopfront office for a neighbourhood centre of this scale.

Newborough Hotel (or pub) is the centre’s predominant focal point, while Rutherglen Street provides a limited range of speciality food and grocery retailers, cafe and takeaway shops, as well as non-food providers in smaller shopfront tenancies. Although the centre’s shopfront vacancy rate is relatively high at 12.4%, this does not significantly detract from the appearance or function of the centre.

Note: Newborough also contains a local centre (located off Boolarra Avenue and Darlimurla Avenue) which serves a purely convenience role for those residents in Newborough’s north-eastern area. This local centre contains around 830m<sup>2</sup> of occupied retail floorspace and is anchored by a small FoodWorks.

**Table 19.1: Newborough (Monash Road), Shopfront Floorspace, 2018**

Category	Total
FLG	130m <sup>2</sup>
Food Catering	370m <sup>2</sup>
Non-Food	2,250m <sup>2</sup>
<b>Total Occupied Retail</b>	<b>2,750m<sup>2</sup></b>
Shopfront Office	1,160m <sup>2</sup>
<b>Total Occupied Shopfront</b>	<b>3,910m<sup>2</sup></b>
Vacant Shopfront	550m <sup>2</sup>
<b>Total Shopfront Floorspace</b>	<b>4,460m<sup>2</sup></b>
Vacant Shopfront Rate %	12.3%

Source: Essential Economics Retail Floorspace Survey (October 2018)

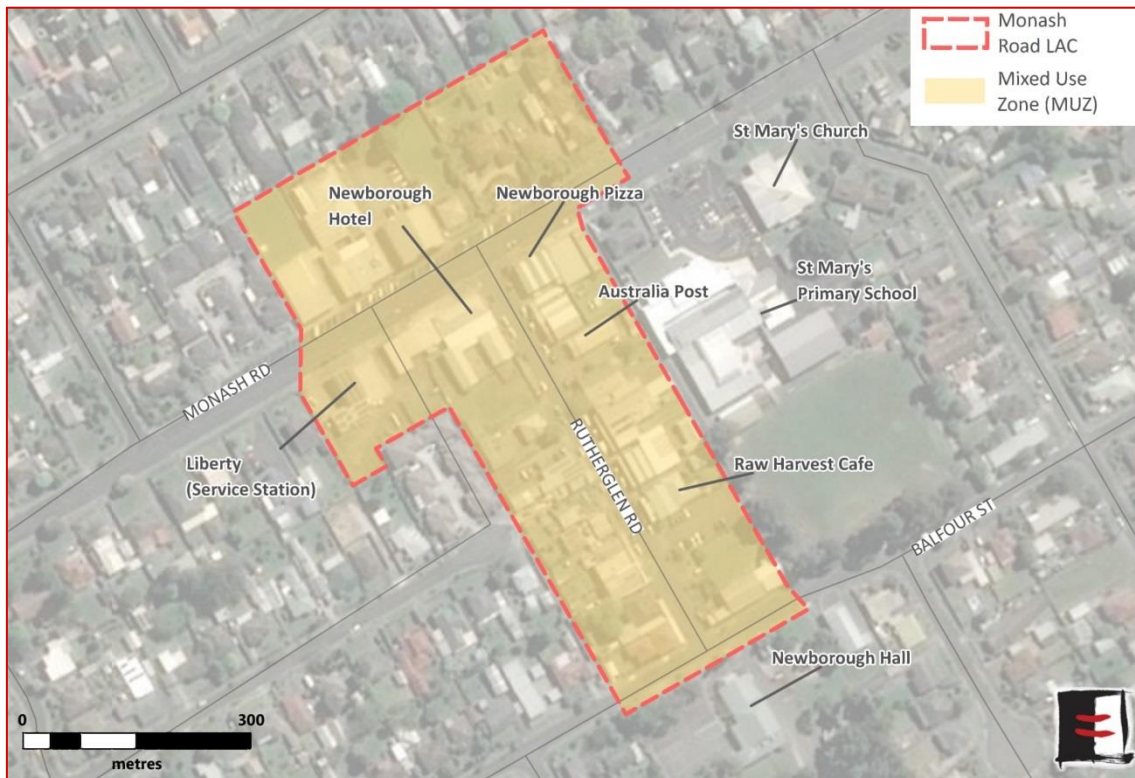
### Centre Issues

- Relatively high vacant shopfront rate of 12.3%.
- Development of residential uses along Rutherglen Street without active shopfronts.
- Limited population growth in immediate surrounding area.
- Lack of a strong performing anchor tenant.

### Centre Opportunities

- Affordable rentals provide opportunities for local entrepreneurship.
- Potential to consider branding of the centre around local produce, having regard for the recent attraction of new businesses (e.g. Raw Harvest Café) that have a focus on local produce, and presence of a (albeit) small vineyard within the centre.
- Increase in local population growth and spending in Moe-Newborough (as-a-whole) associated with the potential development of Lake Narracan.

**Figure 19.1: Monash Road – Newborough (Neighbourhood Retail Centre)**



Essential Economics with Nearmap, StreetPro & DELWP (PlanZone)

## 20 SMALL TOWN CENTRES

### 20.1 Glengarry

The rural township of Glengarry is located approximately 8km north-east of Traralgon and contains approximately 650 persons (2018 estimate). The townships limited retail offer is convenience based and geared to servicing residents and visitors. Glengarry is surrounded by agricultural land and some rural living lots.

While the Glengarry accommodates a small IGA (Plus Liquor) supermarket, the renowned Glengarry Bakery/Café is considered a major retail focal point and attracts visitors from through the Latrobe City area and beyond. The success of this business stands as a reminder that highly successful retail businesses can be established in small rural towns. Other retail uses in the town includes two hairdressing businesses and the Glengarry Post Office.

Other notable land uses in Glengarry include the Commercial Hotel, Glengarry Primary School and a preschool. An approved development plan for 130 lots would potentially add some 300 persons (approx.) to the towns residential population and increase the local spending base. Note, as-yet no development activity has occurred.

**Table 20.1: Glengarry, Shopfront Floorspace, 2018**

Category	Total
FLG	460m <sup>2</sup>
Food Catering	0m <sup>2</sup>
Non-Food	390m <sup>2</sup>
<b>Total Retail</b>	<b>850m<sup>2</sup></b>
Shopfront Office	0m <sup>2</sup>
<b>Total Occupied Shopfront</b>	<b>300m<sup>2</sup></b>
Vacant Shopfront	60m <sup>2</sup>
<b>Total Shopfront Floorspace</b>	<b>910m<sup>2</sup></b>
Vacant Shopfront Rate %	6.6%

Source: Essential Economics Retail Floorspace Survey (October 2018)

**Figure 20.1: Glengarry (Town Centre)**



Essential Economics with StreetPro & DELWP (PlanZone)



## 20.2 Yallourn North

Yallourn North is a township of approximately 1,120 persons (2018 estimate) located immediately north-west of the Yallourn North Open Cut (Coal Mine) and some 6km north-east of Moe-Newborough. The Yallourn Power Station facility is located only 2km south-west of the township.

Consistent with Yallourn North’s current population level, the retail offer is local-convenience based. In total, the township contains approximately 900m<sup>2</sup> of shopfront floorspace comprising 750m<sup>2</sup> occupied retail (62% of total shopfront floorspace) and 150m<sup>2</sup> of vacant shopfront (17%).

The town’s retail businesses comprise a small Foodworks (supermarket) and newsagency, as well as two café/takeaway shops and a community op-shop. Non-retail uses include The Yallourn North Hotel, Yallourn North District Historical Society (museum), a primary school and a swimming pool.

Retail and commercial businesses in Yallourn North are dispersed between two separate nodes. The Foodworks, which is the major tenant in the centre is located on North Road, while a group of shops is located approximately 220m to the south which is integrated with a park and surrounding recreational uses. The centre would benefit from consolidating its retail and commercial areas.

The centre provides local convenience retailing for the immediate surrounding population. In light of limited local population growth, the centre future viability will rely on the centre continuing to meet the needs of the local population as well as attracting visitor spending from further afield. At present, the centre does not have enough ‘destinational appeal’ to attract a large degree of visitation.

**Table 20.2: Yallourn North, Shopfront Floorspace, 2018**

Category	Total
FLG	410m <sup>2</sup>
Food Catering	220m <sup>2</sup>
Non-Food	120m <sup>2</sup>
<b>Total Retail</b>	<b>750m<sup>2</sup></b>
Shopfront Office	0m <sup>2</sup>
<b>Total Occupied Shopfront</b>	<b>750m<sup>2</sup></b>
Vacant Shopfront	150m <sup>2</sup>
<b>Total Shopfront Floorspace</b>	<b>900m<sup>2</sup></b>
Vacant Shopfront Rate %	16.7%

Source: Essential Economics Retail Floorspace Survey (October 2018)

**Figure 20.2: Yallourn North (Town Centre)**



Essential Economics with StreetPro & DELWP (PlanZone)

### 20.3 Boolarra

Boolarra is a small township nestled in the Strzelecki Ranges around 20km south-west of Morwell containing some 570 persons (2018 estimate). The township is renowned for the iconic Boolarra Folk Festival held annually at the town’s recreation reserve in March.

Boolarra’s retail offer currently comprises: the Boolarra General Store/Takeaway, the Boolarra Emporium (antiques and homewares) and limited retail within the Post Office. Although not categorised as a retail use for the purposes of this study, the Boolarra Community Hotel is a significant community focal point for local dining and entertainment.

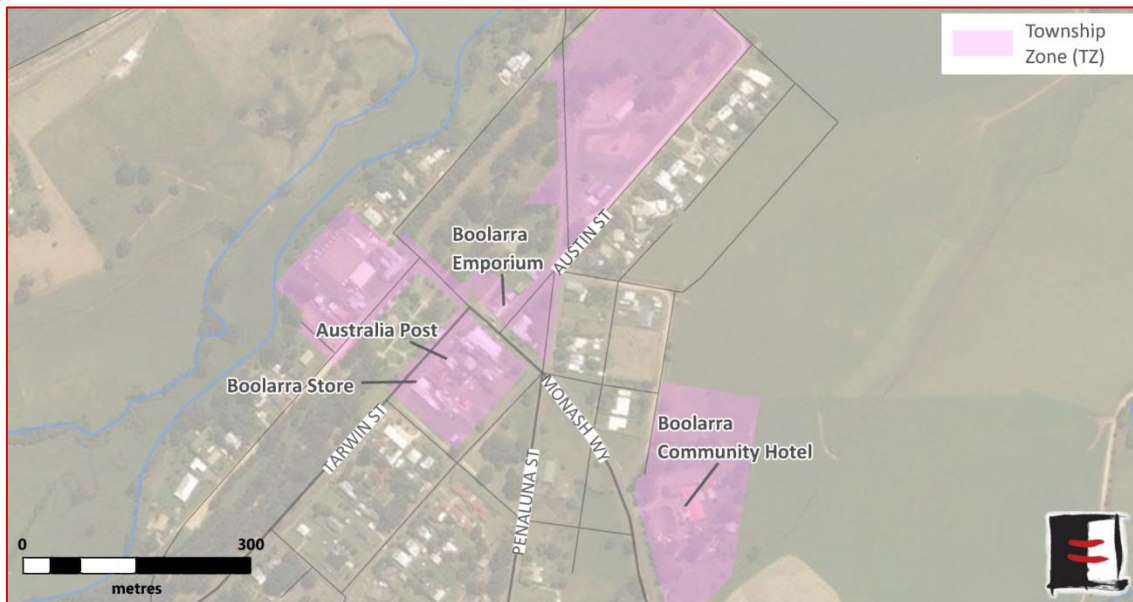
No stand-alone food-catering businesses are currently accommodated by the township. Accordingly, potential may exist for the establishment of a ‘destination’ restaurant or café that leverages the township’s idyllic rural setting to attract visitors. Note, the experience of the operator and attributes of the specific site are amongst a range of factors that would this kind of business proposition’s success in the long term.

**Table 20.3: Boolarra Town Centre, Shopfront Floorspace, 2018**

Category	Total
FLG	180m <sup>2</sup>
Food Catering	0m <sup>2</sup>
Non-Food	120m <sup>2</sup>
<b>Total Retail</b>	<b>300m<sup>2</sup></b>
Shopfront Office	0m <sup>2</sup>
<b>Total Occupied Shopfront</b>	<b>300m<sup>2</sup></b>
Vacant Shopfront	30m <sup>2</sup>
<b>Total Shopfront Floorspace</b>	<b>330m<sup>2</sup></b>
Vacant Shopfront Rate %	9.1%

Source: Essential Economics Retail Floorspace Survey (October 2018)

**Figure 20.3: Boolarra (Town Centre)**



Essential Economics with StreetPro & DELWP (PlanZone)

## 20.4 Yinnar

Yinnar is a small rural township of approximately 610 persons located in the Morwell River Valley some 16km south of Morwell by road. The township provides convenience retail services for the immediate surrounding agricultural area, as well as some recreational and community facilities (including Yinnar Bowls Club as well as a primary school). Gradual development of a small residential sub-division has contributed to population growth in the township over the last 5 or so years.

Yinnar contains approximately 660m<sup>2</sup> of shopfront floorspace of which 620m<sup>2</sup> is retail floorspace. The balance comprises one small office. No shopfronts are currently vacant, although some residential buildings not categorised as ‘shopfronts’ may have been used as shopfronts historically.

The township’s retail businesses include: a general store/post office, a butcher’s shop (Webster’s Butchery), a small café (Café 3869) and a painting and ceramics shop. A hardware store, and an art gallery (Arc Yinnar) also contains retail components. In addition, Yinnar Fuel & Farm supplies and Yinnar Hotel – classified as non-retail for the purposes of this study – are also significant businesses in the township.

**Table 20.4: Yinnar, Shopfront Floorspace, 2018**

Category	Total
FLG	320m <sup>2</sup>
Food Catering	80m <sup>2</sup>
Non-Food	220m <sup>2</sup>
<b>Total Retail</b>	<b>620m<sup>2</sup></b>
Shopfront Office	40m <sup>2</sup>
<b>Total Occupied Shopfront</b>	<b>660m<sup>2</sup></b>
Vacant Shopfront	0m <sup>2</sup>
<b>Total Shopfront Floorspace</b>	<b>660m<sup>2</sup></b>
Vacant Shopfront Rate %	0.0%

Source: Essential Economics Retail Floorspace Survey (October 2018)

**Figure 20.4: Yinnar (Town Centre)**



Essential Economics with StreetPro & PlanZone

## 20.5 Tyers

Tyers is a small settlement of approximately 190 persons (2018 estimate), located at the foot of the Tyers park area, some 7km north-west of the Traralgon CBD. The immediate surrounding land is rural-living or agricultural in nature. The settlement’s retail and commercial offering is limited to a general store/service station and a post office. Tyers currently has no vacant shopfront or office shopfront tenancies. Non-retail uses of note located in Tyers include a preschool and primary school.



An approved DP (The Acreage) covering an area of approximately 67 hectares is located immediately north-west of the existing settlement and would deliver 80 lots when fully developed. Two houses are currently under-construction.

Tyers receives a significant volume of through traffic to/from Mt Baw Baw alpine area and Walhalla (historic settlement). Accordingly, there may be an opportunity for the establishment of additional retail uses (such as a small café/coffee shop) which captures trade associated with this traffic.

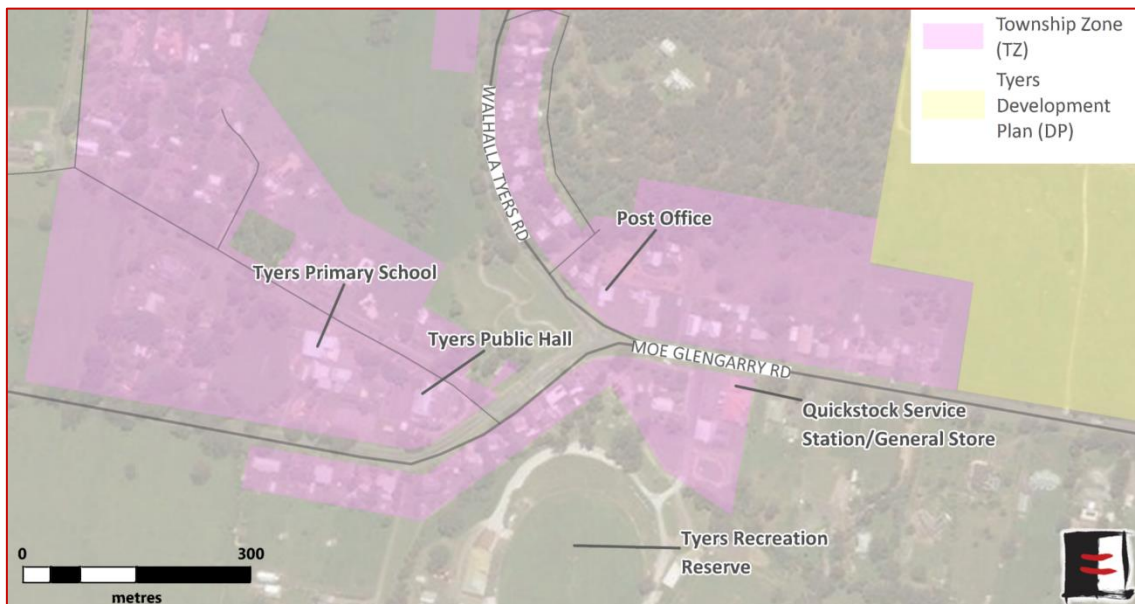
Note, commercial development in township is limited by a number of site-specific factors including access to water/sewage infrastructure, the Australian Paper Mill odour buffer and bushfire risk.

**Table 20.5: Tyers, Shopfront Floorspace, 2018**

Category	Total
FLG	400m <sup>2</sup>
Food Catering	0m <sup>2</sup>
Non-Food	160m <sup>2</sup>
<b>Total Retail</b>	<b>560m<sup>2</sup></b>
Shopfront Office	0m <sup>2</sup>
<b>Total Occupied Shopfront</b>	<b>560m<sup>2</sup></b>
Vacant Shopfront	0m <sup>2</sup>
<b>Total Shopfront Floorspace</b>	<b>560m<sup>2</sup></b>
Vacant Shopfront Rate %	0.0%

Source: Essential Economics Retail Floorspace Survey (October 2018)

**Figure 20.5: Tyers**



Essential Economics with StreetPro & DELWP (PlanZone)

## 20.6 Toongabbie

Toongabbie sits at the foot of the Great Dividing Range some 17km north-east of Traralgon and has a population of approximately 500 persons (2018 estimate). The sole retailer in the township is a general store comprising built floorspace of approximately 120m<sup>2</sup> (the general store also contains fuel and post office). The continuation of a retail presence in Toongabbie is important in order to provide day-to-day convenience items and services, as well to retain a community focal point within the town.

Non-retail land uses of note in Toongabbie include a golf course, primary school and recreation reserve.

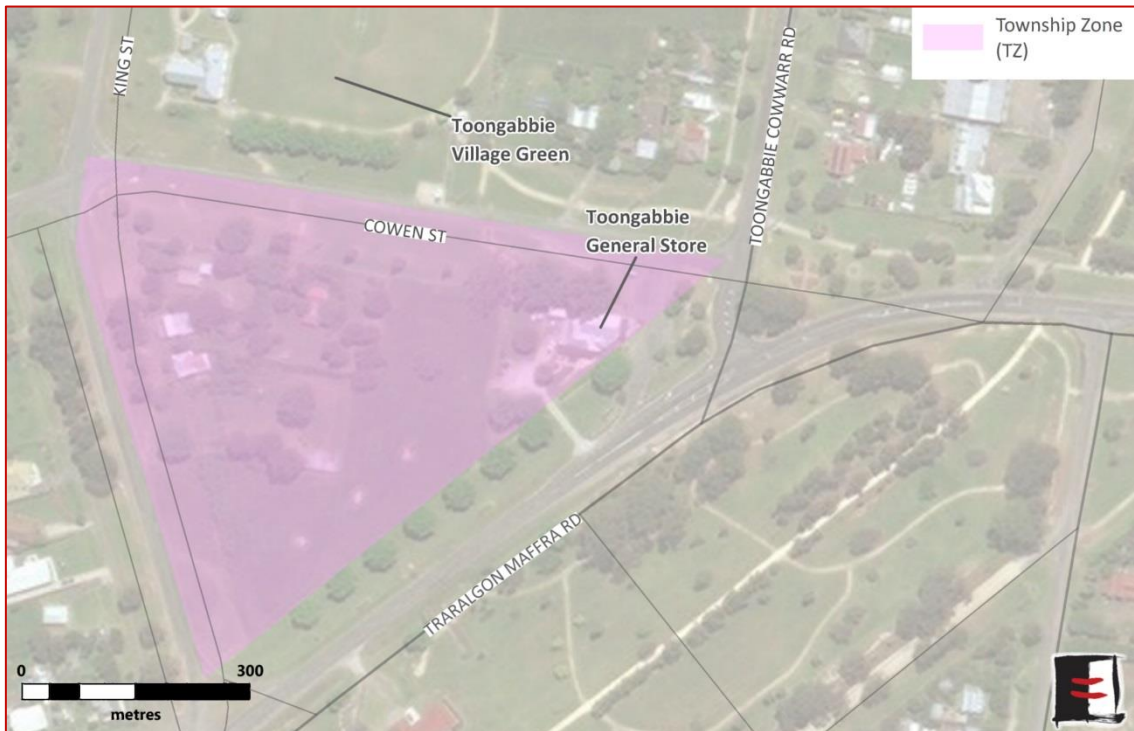
The idyllic Toongabbie Village Green, the Gippsland Plains Rail Trail and the nearby Conwarr Weir may present opportunities to generate additional retail trade associated with visitation to the town. It is understood that the provision of appropriate water/sewage infrastructure is a barrier to development on some sites.

**Table 20.6: Toongabbie, Shopfront Floorspace, 2018**

Category	Total
FLG	120m <sup>2</sup>
Food Catering	0m <sup>2</sup>
Non-Food	0m <sup>2</sup>
<b>Total Retail</b>	<b>120m<sup>2</sup></b>
Shopfront Office	0m <sup>2</sup>
<b>Total Occupied Shopfront</b>	<b>120m<sup>2</sup></b>
Vacant Shopfront	0m <sup>2</sup>
<b>Total Shopfront Floorspace</b>	<b>120m<sup>2</sup></b>
Vacant Shopfront Rate %	0.0%

Source: Essential Economics Retail Floorspace Survey (October 2018)

Figure 20.6: Toongabbie (Town Centre)



Essential Economics with StreetPro & DELWP (PlanZone)

## 20.7 Traralgon South

Traralgon South is a small settlement nestled in the Strzelecki Ranges comprising some 530 persons (2018 estimate). The settlement is located approximately 11km south of Traralgon adjacent the Traralgon Creek Road. The surrounding land is rural-living and agricultural in nature.

The current retail offer of Traralgon South comprises one business: a general store/takeaway shop with a fuel component, located off Morgans Drive. The settlement also contains a primary school, recreation reserve and men's shed (community facility).

It is important that Traralgon South maintains a convenience retail presence. Like other small-town centres that serve areas where limited population growth is expected in the future, the future viability of retail businesses will rely on operators meeting the needs of local residents as well as attracting visitors from further afield.

Again, the provision of water/sewage infrastructure and limits the development potential of some sites.

**Table 20.7: Traralgon South, Shopfront Floorspace, 2018**

Category	Total
FLG	150m <sup>2</sup>
Food Catering	0m <sup>2</sup>
Non-Food	0m <sup>2</sup>
<b>Total Retail</b>	<b>150m<sup>2</sup></b>
Shopfront Office	0m <sup>2</sup>
<b>Total Occupied Shopfront</b>	<b>150m<sup>2</sup></b>
Vacant Shopfront	0m <sup>2</sup>
<b>Total Shopfront Floorspace</b>	<b>150m<sup>2</sup></b>
Vacant Shopfront Rate %	0.0%

Source: Essential Economics Retail Floorspace Survey (October 2018)

**Figure 20.7: Traralgon South (Town Centre)**



Essential Economics with StreetPro & DELWP (PlanZone)