
INDUSTRIAL LAND SUPPLY & DEMAND ASSESSMENT

Surf Coast Shire

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EXECUTIVE SUMMARY

Spatial Economics was engaged by Surf Coast Shire to review the adequacy of the Shire's supply of industrial land as an input to the Shire's Urban Futures Strategy.

This assessment details the industrial land supply, demand and associated industrial land requirements for the municipality going forward. The assessment includes:

- the identification of historical and current industrial lot construction activity by location;
- the identification of historical and current industrial land consumption by location;
- identification of all zoned and unzoned potential industrial land stocks in Surf Coast including estimates of the net developable land area on a lot by lot basis;
- an assessment of potential future land consumption scenarios; and
- an estimate of potential industrial land requirements from 2024 to 2051.

There is no doubt that the Shire currently has a shortage of zoned industrial land within its two key industrial localities of Winchelsea and Torquay.

Spatial Economics has no doubt that the shortage of suitable industrial land has held back economic and employment growth in the Shire.

Key stakeholder consultation that Spatial Economics has been able to undertake has identified examples of local business that have chosen to relocate outside the Shire because they have not been able to find suitable local expansion sites or simply, available sites to locate in Surf Coast.

The current stock of zoned industrial land is theoretically sufficient to meet between six to nine years of demand. However, Spatial Economics consider that between 3 to 5.5 years of zoned supply is a more pragmatic estimate. This excludes undeveloped Commercial 2 (C2Z) land in Winchelsea – this zone type does not support general industrial uses.

Spatial Economics considers there are currently insufficient zoned greenfield industrial land stocks to meet both the immediate and future requirements within the core industrial precincts in Torquay and Winchelsea.

In addition, Spatial Economics considers there are currently insufficient zoned Industrial 1 (Inz1) land stocks to meet a wider spectrum of industrial land users.

Based on both comparative observations and stakeholder feedback, there is insufficient zoned industrial lots that are moderately sized i.e. 1,000 sqm to 5,000 sqm.

There is currently sufficient land identified, not yet zoned, for future industrial development to meet anticipated medium to longer term demand.

Supply of Industrial Land

As at March 2024, there was a total of 60 hectares of zoned industrial land stocks, of which 13 hectares were assessed as available (supply) for industrial purpose development.

The total stock (including both land that Spatial Economics assesses as supply and land unavailable for development) by industrial precincts/settlements include:

- Lorne – 1.8 hectares;
- Anglesea – 2.2 hectares;
- Winchelsea – 27 hectares;



- Torquay – 30 hectares;
 - West Coast Business Park – 21.4 hectares;
 - Baines Crescent – 8.1 hectares;

Across Surf Coast there are in total:

- 7 hectares of land zoned Commercial 2 (C2Z);
- 20 hectares of land zoned Industrial 1 (INZ1); and
- 33 hectares of land zoned Industrial 3 (INZ3).

There are only 26 zoned and vacant industrial lots identified as available supply across the municipality – a further 21 lots are currently being constructed. There is limited stock of zoned vacant industrial allotments. The existing vacant lot stock is located in:

- Anglesea – 2 lots;
- Lorne – 5 lots;
- Winchelsea – 6 lots;
- Torquay - 33 lots (of which 21 are currently under construction/subdivision).

There are currently three sites identified for future industrial/employment zoning/development, but is currently unzoned for such uses, these include:

- Winchelsea – an area of nearly four hectares in size, directly north of the existing zoned industrial precinct. The southern boundary is directly adjacent to the rail line and bounded to the east by Cressy Road.
- Torquay
 - West Gate Business Park - effectively an extension to the west of the existing industrial precinct, it is nearly 17 hectares in size. Its western boundary is Messmate Road.
 - Messmate Road future land release area - contains an area of approximately 33 hectares that is identified for future employment use.

Industrial Building Approval Activity

Since 2016/17, the value of industrial building approval across the municipal area of Surf Coast has averaged \$7.6 million per annum, this is comprised of:

- \$1.7 million for agricultural buildings;
- \$1.9 million for factories; and
- \$3.6 million for warehouses.

Recent Subdivision Activity

From July 2010 to March 2024 there were a total of 164 industrial lots created, with the vast majority located in the industrial precinct of the West Coast Business Park located in Torquay (152 lots) The remaining subdivision activity was located in:

- Anglesea (eight lots created); and
- Winchelsea (four lots created).

Since 2010, industrial lot creation has averaged around 12 per annum. There was significant industrial subdivision activity in 2019 and 2020 at 46 and 29 respectively. For



the current financial year to the March quarter, there was a total of 15 industrial lots created.

As at the March quarter 2024, there was preliminary subdivision approval for a total of 21 industrial lots to be created. All of which are located within the West Coast Business Park located in Torquay.

Land Consumption

'Consumption' of industrial land's refers to the construction, over-time, of buildings on previously unoccupied industrial land.

Consumption of industrial land across Surf Coast has been sporadic – which is typical for smaller regional industrial centres. However, industrial land consumption has generally correlated with new industrial lot creation. As measured over different periods, total industrial land consumption was:

- 2010 to 2015 – 5.2 hectares;
- 2015 to 2019 – 9 hectares;
- 2019 to 2023 – 2.6 hectares; and
- 2023 to 2024 – 0.7 hectares.

The vast majority of industrial land consumption (92%) was located in the West Coast Business Park in Torquay. Within 14 years, the West Coast Business Park is effectively built out, the remaining undeveloped land stocks are currently under-construction (subdivision).

Demand Forecasts

Two demand scenarios have been formulated, both use State Government (VIF 2023) population projections as a measure of growth over-time together with recent consumption of industrial land across Surf Coast. The two scenarios are outlined below.

Scenario One: utilises population projections contained in VIF 2023 from 2021 to 2036. VIF projections at an LGA level only are produced to 2036. Post 2036, a constant population growth of 1% per annum is assumed. Spatial Economics consider this a conservative assumption regarding the long-term population growth outlook for Surf Coast. From 2021 to 2051, the modified projections illustrate an annual population growth rate of 1.3% and a total growth in population of 18,000 persons.

Recent consumption of industrial land from 2015 to 2024 is assumed as the starting basis for industrial land demand. This equates to an average of 1.3 hectares per annum. Spatial Economics also considers this to be a conservative estimate of underlying demand. This view is primarily driven by:

- consultation with existing industrial land users which highlighted the difficulty in accessing suitable sites to both locate and expand their enterprises (an indicator of latent demand); and
- the fact that in the later part of this time period land stocks were relatively constrained.

Scenario Two: utilises the same population growth assumptions. However, recent industrial land consumption from 2015 to 2019 (2.2 hectares per annum) was assumed as the starting basis for estimating demand.

During this period there were significant undeveloped but zoned industrial land stocks and a sustained peak level (over five years) of industrial land development and consumption.



Land Supply Requirements

Based on the above industrial land demand scenarios from 2024 to 2051, it is estimated that:

- a total of **43.5 net developable hectares** of zoned industrial land is required for Scenario One; and
- a total of **73.6 net developable hectares** of zoned industrial land is required for Scenario Two.

A net developable hectare is defined as the land area available for industrial development/use, this excludes such items as road infrastructure, drainage reserves, local open space, easements etc



1.0 Introduction

1.1 Context

The following provides a robust and transparent assessment of the supply and demand for industrial land across the Shire of Surf Coast. The assessment will facilitate informed decision making in terms of existing and future industrial land supply requirements. Importantly it also provides a sound basis to inform the municipal wide Urban Futures Strategy.

In addition, the information will be of assistance to other related planning processes such as infrastructure and service planning.

The assessment includes:

- the identification of historical and current industrial lot construction activity by location;
- the identification of historical and current industrial land consumption by location;
- identification, on a lot by lot basis, of all zoned and unzoned industrial land supply stocks, including estimates of the likely net developable area;
- two potential future industrial land consumption scenarios; and
- an estimation of total future industrial land requirements for the periods from 2024 to 2051.

1.2 Report Structure

This report is structured as follows:

Section 1 outlines scope of this report.

Section 2 discusses Spatial Economics methodological approach in assessing the supply, demand and future industrial land requirements for the Shire.

Section 3 outlines the recent industrial land development activity within Surf Coast.

Section 4 examines the existing stock of zoned and unzoned land stocks in the Surf Coast Shire.

Section 5 estimates the future demand for industrial lands across the Shire. This includes associated estimates of the likely requirement in terms of total quantum, zone type and lot size distribution.



2.0 Approach & Methodology

The following provides a brief outline of Spatial Economics methodologies and approach in assessing recent industrial lot construction, industrial land supply areas, industrial land consumption and associated demand projections and basis for assessing the existing and future industrial land requirements for the Surf Coast Shire.

2.1 Industrial Land Supply

Industrial land is intended to be used for a defined set of industrial uses although there are often a significant proportion of non-industrial uses that occupy industrial land.

In line with the definition used by the State Government in the Metropolitan and Regional Urban Development Program, the zones that are considered to be used primarily for industrial purposes across the municipality of Surf Coast include the:

- Industrial 1 Zone (IN1Z);
- Industrial 3 Zone (IN3Z); and
- Commercial 2 (C2Z).

Township (TZ) zoned land has been excluded from this assessment. The Township (TZ) zone does provide for industrial uses in small towns where it can be shown that this use will not adversely affect the amenity of the neighbourhood. In practice, the townships across Surf Coast are increasingly evolving into more residential/lifestyle focussed towns/villages. The likely potential for conflicts within Township zoned areas between the primary residential, commercial and civic uses and any proposed industrial uses makes the Township Zone an unreliable source of supply of sites for industrial uses.

Future (i.e. currently unzoned but designated for future industrial purposes) industrial land has been identified through strategic planning policy documents and consultation with municipal officers.

In this project every parcel of zoned or future industrial land has been assessed as being either unavailable or available as supply. These categories are defined below:

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

For all industrial land, each individual parcel has been recorded with its size and the applicable zone. This enables an assessment of the overall or gross stock of land either as unavailable or available as supply.

Assessing the supply of industrial land must take into account the likelihood of a reasonable level of infrastructure servicing being required.

All industrial land that is identified as available supply is further assessed to determine the “net developable land”, which is the land likely to actually be available for industrial uses after land subdivision. This is after allowing for local roads and open space as well as allowing for any constraints that are on the land. These constraints, which include native



vegetation, flooding, or steep terrain, can be very significant and have a large effect on the amount of land available for industrial uses. The determination of net developable land is done on a site-by-site basis with reference to any constraints.

2.2 Industrial Lot Construction

Analysis of the cadastral database on land zoned for industrial purposes from July 2010 to March 2024 was undertaken to determine the location, volume and resultant lot size of industrial lot subdivisions.

2.3 Industrial Land Consumption

To determine industrial land consumption, examination of aerial imagery between specific periods was undertaken and updated to March 2024 via a land use survey of each previously identified vacant industrial allotment.

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

2.4 Future Demand

The State Government's Metropolitan and Regional Urban Development Program utilises the recent industrial land consumption method to forecast future industrial land demand. It calculates recent industrial land consumption by location, by zone and importantly land area.

This method is particularly appropriate for large metropolises, regional centres and larger townships where there is sufficient demand for industrial land as well as an unconstrained supply. Under the above conditions, historical industrial land consumption is a sound base to assess future consumption of industrial land.

Spatial Economics consider the above method alone is not suitable to be used as the only method to assess likely future demand for industrial land in Surf Coast. This is due to:

1. Surf Coast's current, and historic, constrained industrial land supply; and
2. changing compositional trends in industrial land consumption – particularly in Torquay.

Spatial Economics have therefore developed two industrial demand scenarios utilising a combination recent consumption and population projections.

2.5 Industrial Land Requirements

The total area of industrial land requirements has been calculated based on future requirements as estimated from the presented demand scenarios.

2.6 Geography

The following geographic areas are utilised for the land supply assessment and demographic analysis.

Localities/Townships: Locality boundaries are as defined by the Shire and registered by the Registrar of Geographic Names (GeoNames). There are 34 localities within the Surf Coast Shire, of which, four have industrial land stocks.

Industrial Precincts: Spatial Economics have defined various industrial precincts across the Shire. These are primarily driven by locality boundaries. However, some localities are further defined to distinguish individual industrial precincts



within a locality. These include the West Coast Business Park and Baines Crescent industrial precincts in Torquay. This helps to refine discussion of the function and geographic distribution of industrial lands within the locality. Maps 6 to 12 illustrate each individual industrial precinct.

2.7 Adequacy of Industrial Land Stocks

Industrial land 'adequacy' is typically assessed in terms of the number of years of supply estimated to be available given the forecast level of demand. The number of 'years of supply' is measured against estimates of the net developable area of both zoned and unzoned industrial land and by expected future demand.

Industrial land is usually clustered together in definitive nodes or clusters due to the negative external effects of industrial uses on other land uses. Hence, industrial land is analysed through identified industrial precincts.

For the Surf Coast Shire, adequacy of land stocks has been reported at a municipal level. In addition, a discussion of current stock levels is presented at a locality and/or precinct level. The industrial precincts and localities include:

- Torquay; and
 - West Coast Business Park industrial precinct
 - Baines Crescent industrial precinct
- Winchelsea;
- Anglesea; and
- Lorne.



3.0 Recent Industrial Development Activity

Key Findings

In 2022/23 the total value of industrial building approval activity in Surf Coast was \$9.3 million. By industrial building type this is comprised of:

- *\$5.4 million for warehouses;*
- *\$2.8 million for. agricultural buildings;*
- *\$1.1 million for other not classified; and*
- *\$0 for factories.*

The total value of industrial building approval activity for comparably sized municipalities as measured from the 2016/17 financial year to December 2023 by municipal area was:

- *\$57 million in Surf Coast;*
- *\$60 million in Moorabool;*
- *\$100 million in Bass Coast; and*
- *\$124 million in Campaspe.*

In Surf Coast from July 2010 to March 2024 there were a total of 164 industrial lots created, with the vast majority located in the industrial precinct of the West Coast Business Park located in Torquay (152 lots) The remaining subdivision activity was located in:

- *Anglesea (eight lots created); and*
- *Winchelsea (four lots created).*

The majority (78%) of subdivisions resulted in industrial allotments sized less than 1,000 sqm. There has been virtually no medium to larger sized (i.e. above 2,000 sqm) industrial subdivisions across Surf Coast .

Since 2010, a total of 17.3 hectares of industrial land was consumed. Consumption of industrial land's refers to the construction, over-time, of buildings (and related i.e driveways, flat stands, parking) on previously unoccupied industrial land. The vast majority of this activity was located within the West Coast Business Park industrial precinct.

From 2010 to March 2024, the West Coast Business Park industrial precinct has transformed from essentially an undeveloped estate to virtually fully developed. The remaining undeveloped industrial greenfield land stocks in this precinct are current being constructed/subdivided.

The following provides an overview of the quantum, location and composition of industrial (and related) development activity in terms of:

- industrial subdivision activity;
- consumption of industrial land (i.e., buildings constructed on industrial lots); and
- the value of industrial building approvals.

To provide the context for industrial development activity in Surf Coast this report also assesses industrial land development activity in comparable sized municipalities (measured by resident population).

3.1 Industrial Subdivision Activity

Detailed analysis of the cadastral database of industrial zoned land across the Surf Coast Shire was undertaken to establish the location, volume and resultant lot size of industrial subdivision activity. Table 1 summarises the results of this analysis.



From July 2010 to March 2024 there were a total of 164 industrial lots created, with the vast majority located in the industrial precinct of the West Coast Business Park located in Torquay (152 lots) The remaining subdivision activity was located in:

- Anglesea (eight lots created); and
- Winchelsea (four lots created).

Since 2010, industrial lot creation has averaged around 12 per annum. There was significant industrial subdivision activity in 2019 and 2020 at 46 and 29 respectively. For the current financial year to the March quarter, there was a total of 15 industrial lots created.

As at the March quarter 2024, there was preliminary subdivision approval for a total of 21 industrial lots to be created. All of which are located within the West Coast Business Park located in Torquay.

Table 1: Number of Industrial Subdivisions, by Time Period

Township/Industrial Precinct/LGA	2010 to 2015	2015 to 2020	2020 to 2024 ¹	Total	Preliminary Approval ¹
Anglesea	4	4		8	
Torquay/Jan-Juc	9	104	39	152	21
West Coast Business Park	9	104	39	152	21
Winchelsea	2	2		4	
Surf Coast Shire	15	110	39	164	21

Source: Spatial Economics Pty Ltd

Note 1: as at March 2024

The majority (78%) of subdivisions resulted in industrial allotments sized less than 1,000 sqm. There have been virtually no larger sized industrial subdivisions (i.e. above 2,000 sqm) across Surf Coast.

Of the industrial land parcels with preliminary subdivision approval the expected resultant lot size is typically around 2,000 sqm. There is a potential that some of these lots may be re-subdivided into smaller industrial allotments – this trend has been observed within the West Coast Business Park in Torquay.

Spatial Economics undertook targeted consultation with existing and potential industrial land users within the West Coast Business Park. Consistent themes from the consultation regarding lot sizes/industrial premises was:

"lack of available larger lots i.e. from 2,000 to 5,000 sqm"

"existing industrial premises (to rent/purchase) are too small for our enterprise"

"due to the lack of larger lots/premises we needed to locate outside of the council area"

"the lack of larger lots/premises has restricted our intentions of business expansion"

"the existing lot size configurations and associated industrial premises has resulted in significant difficulties for truck access and provision of sufficient on-site parking"



Table 2: Number of Industrial Subdivisions by Lot Size Outcome, 2010 to 2024 ¹

Township/Industrial Precinct/LGA	Less than 0.1 hectares	0.1 to 0.2 hectares	0.2 to 0.5 hectares	0.5 to 1 hectare	1 to 5 hectares	5+ hectares	Total
Anglesea	6	2					8
Torquay/Jan-Juc	122	22	5	3			152
West Coast Business Park	122	22	5	3			152
Winchelsea		2	1	1			4
Surf Coast Shire	128	26	6	4			164

Source: Spatial Economics Pty Ltd

Note 1: as at March 2024

Virtually all (98%) of the subdivision activity, and all industrial lots with preliminary subdivision approval, was on land zoned Industrial 3 (INZ3). There were two subdivisions on land zoned Industrial 1 (INZ1) and another two on land zoned Commercial 2 (CZ2). This is primarily due to the vast majority of industrial zoned land across Surf Coast being zoned Industrial 3.

In terms of zone type, as typically seen across both metropolitan Melbourne and regional Victoria, industrial land subdivisions have been predominantly on Industrial 1 zoned land. Across for example both Baw Baw and Latrobe, approximately 89% and 75% respectively of industrial land subdivisions are zoned Industrial 1.

In summary the purpose of the major industrial zone types is:

Industrial 1: To provide for manufacturing industry, the storage and distribution of goods and associated uses in a manner which does not affect the safety and amenity of local communities.

Industrial 2: To provide for manufacturing industry, the storage and distribution of goods and associated facilities in a manner which does not affect the safety and amenity of local communities.

To promote manufacturing industries and storage facilities that require a substantial threshold distance within the core of the zone.

To keep the core of the zone free of uses which are suitable for location elsewhere so as to be available for manufacturing industries and storage facilities that require a substantial threshold distance as the need for these arises.

Industrial 3: To provide for industries and associated uses in specific areas where special consideration of the nature and impacts of industrial uses is required or to avoid inter-industry conflict.

To provide a buffer between the Industrial 1 Zone or Industrial 2 Zone and local communities, which allows for industries and associated uses compatible with the nearby community.

To allow limited retail opportunities including convenience shops, small scale supermarkets and associated shops in appropriate locations.

Commercial 2: To encourage commercial areas for offices, appropriate manufacturing and industries, bulky goods retailing, other retail uses, and associated business and commercial services.



3.2 Consumption of Industrial Land

Detailed analysis of recent and historic aerial imagery combined with zoning/cadastral information and land use surveys from 2010 to 2024 has been used to establish the consumption of industrial land. 'Consumption' of industrial land's refers to the construction, over-time, of buildings (and related i.e driveways, flat stands, parking) on previously unoccupied industrial land.

From this assessment the consumption of industrial land can be established by location, lot size and zoning. Consumption of industrial land is used as a primary indicator of future demand for industrial land.

Consumption of industrial land across Surf Coast has been sporadic – which is typical for smaller regional industrial centres. However, industrial land consumption has generally correlated with new industrial lot creation. As measured over different periods, total industrial land consumption was:

- 2010 to 2015 – 5.2 hectares;
- 2015 to 2019 – 9 hectares;
- 2019 to 2023 – 2.6 hectares; and
- 2023 to 2024 – 0.7 hectares.

The vast majority of industrial land consumption (92%) was located in the West Coast Business Park in Torquay. Maps 1 to 5 illustrate the rapid rate of industrial land consumption in the West Coast Business Park as measured from 2010 to 2024. The map images illustrate that in 2010 the West Coast Business Park was essentially vacant. Within 14 years, the industrial precinct is effectively built out, the remaining undeveloped land stocks are currently under-construction (subdivision).

Table 3: Total Industrial Land Consumption (hectares) by Location, 2010 to 2024

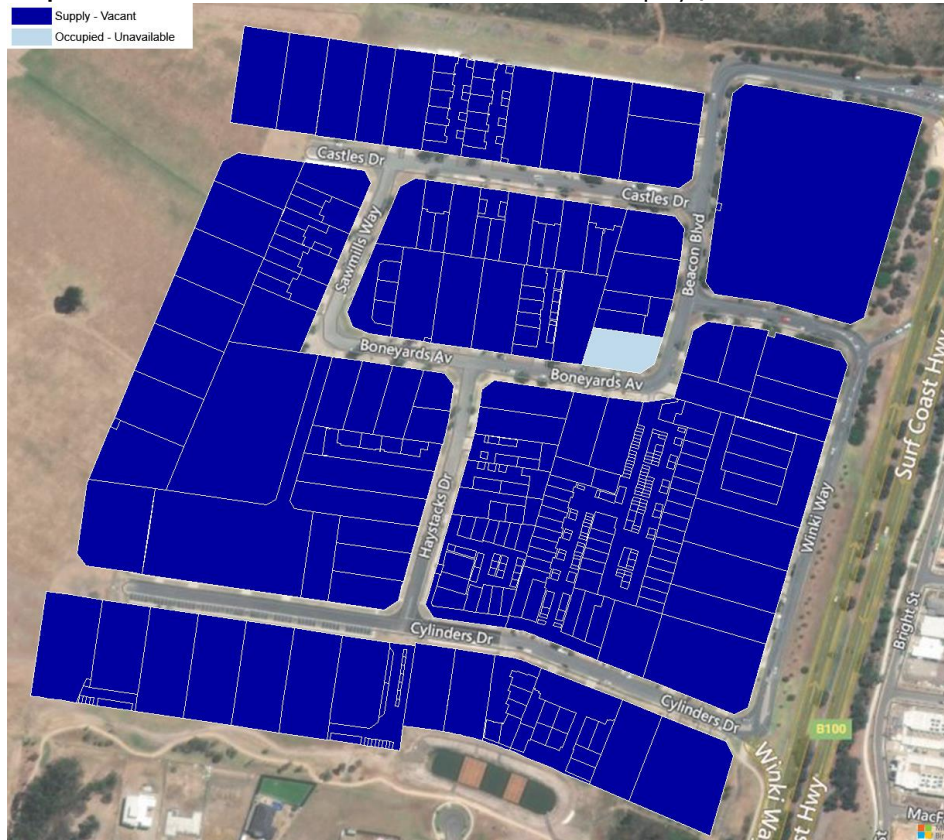
Locality/Precinct	2010 to 2015	2015 to 19	2019 to 23	2023 to 24 ¹	Total
Anglesea		0.09			0.09
Lorne	0.08	0.35	0.25	0.01	0.70
Torquay	4.85	8.27	2.17	0.65	15.94
<i>Baines Cr</i>		0.22	0.23		0.45
<i>West Coast Business Park</i>	4.85	8.04	1.94	0.65	15.49
Winchelsea	0.23	0.25	0.13		0.61
Surf Coast	5.17	8.95	2.55	0.67	17.34

Source: Spatial Economics Pty Ltd

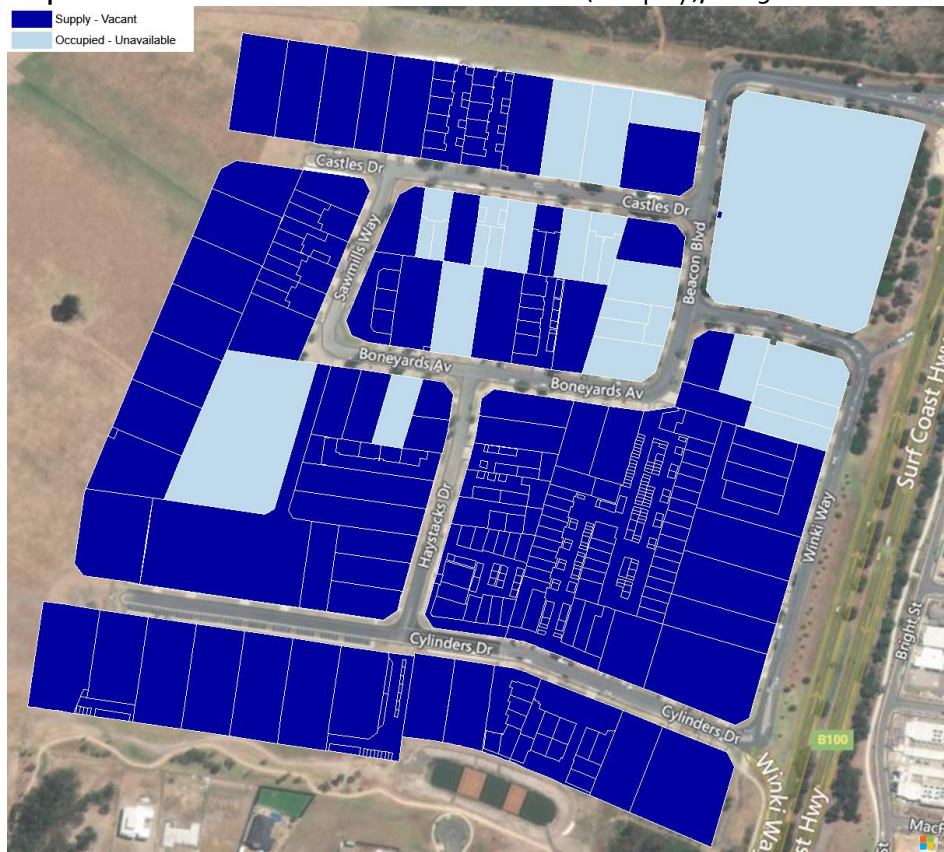
Note 1: at March 2024



Map 1: Land Status – West Coast Business Park (Torquay), 2010



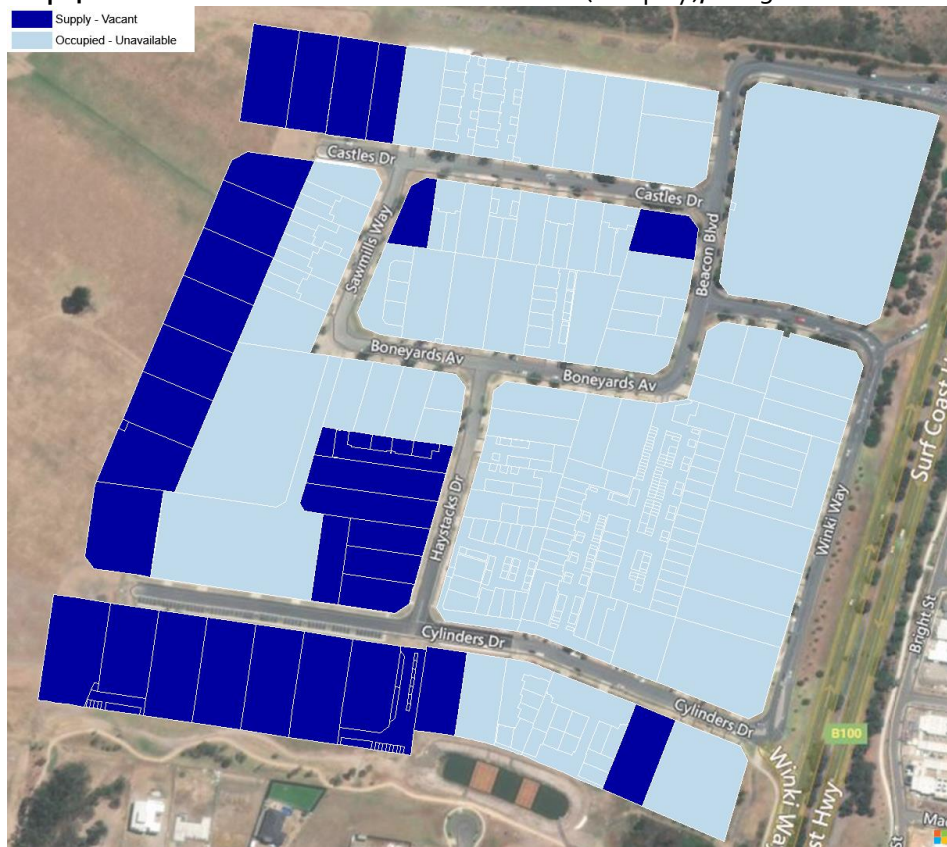
Map 2: Land Status – West Coast Business Park (Torquay), 2015



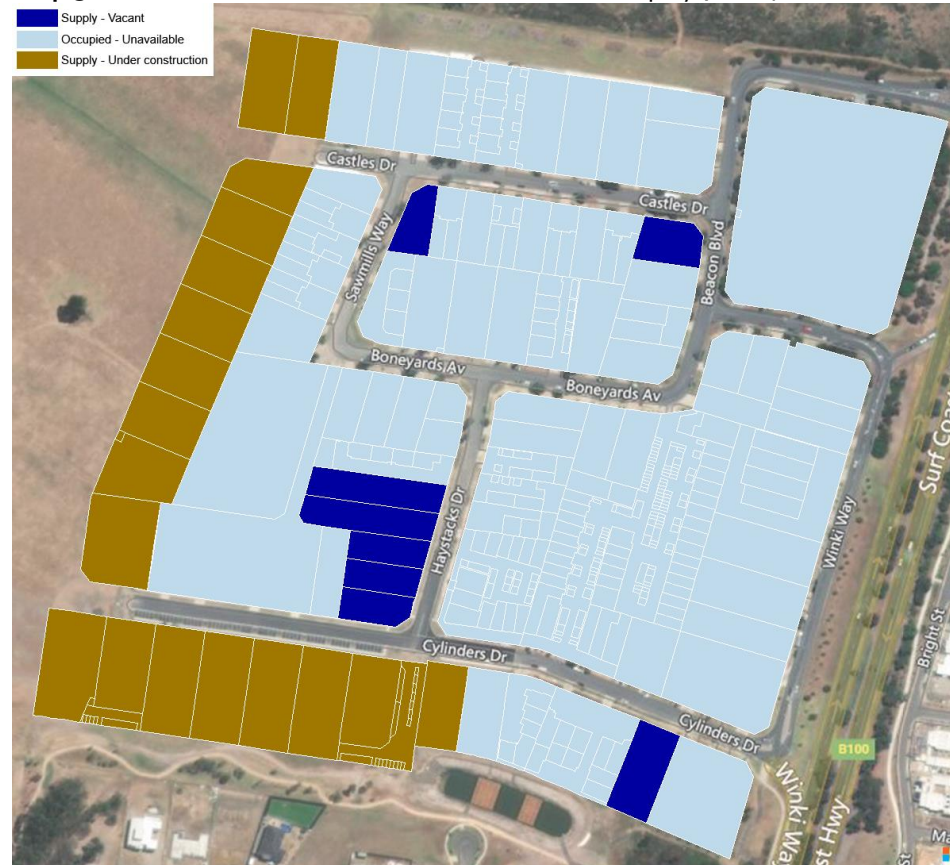
Map 3: Land Status – West Coast Business Park (Torquay), 2019



Map 4: Land Status – West Coast Business Park (Torquay), 2023



Map 5: Land Status – West Coast Business Park (Torquay), 2024



As measured from 2010 to 2024, there were a total of 204 lots consumed on industrial land across the municipal area.

As illustrated in Table 4, there is a strong prevalence of industrial land consumption for lots sized less than 1,000 sqm, followed by lots sized from 1,000 sqm to 2,000 sqm.

Table 4: Number of Lots Consumed by Lot Size Cohort, 2010 to 2024 ¹

Locality/Precinct	Less than 0.1 hectares	0.1 to 0.2 hectares	0.2 to 0.5 hectares	0.5 to 1 hectare	1 to 5 hectares	Total
Anglesea	3					3
Lorne	6	2	1			9
Torquay	141	32	9	3	1	186
<i>Baines Cr</i>		4				4
<i>West Coast Business Park</i>	141	28	9	3	1	182
Winchelsea		5	1			6
Surf Coast	150	39	11	3	1	204

Source: Spatial Economics Pty Ltd

Note 1: at March 2024

The bulk (96%) of industrial land consumption was zoned Industrial 3 (INZ3), - this is primarily due to the bulk of industrial land stocks across Surf Coast is of this zoning type and the bulk of the consumption activity was in the West Coast Business Park, which is zoned Industrial 3 (INZ3).



3.3 Industrial Building Approval Activity

The following provides an overview of the value of selected industrial building approvals by type for the municipal areas of Surf Coast, Bass Coast, Campaspe and Moorabool. The municipalities outside of Surf Coast were selected due to their comparable resident population size. Tables 5 to 8 summarises the outcomes.

Table 5: Value (\$ million) of Industrial Building Approvals - Factories

LGA	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Bass Coast (S)	0.8	0.1	2.0	2.3	0.0	4.7	0.1	0.2
Campaspe (S)	3.1	24.9	1.4	3.0	1.0	0.3	0.2	14.0
Moorabool (S)	0.0	0.0	1.4	0.0	0.6	18.5	1.8	0.0
Surf Coast (S)	0.6	7.0	1.3	0.1	5.4	0.0	0.0	0.0

Source: Australian Bureau of Statistics: Building Activity. Cat# 8752.0

Note: the financial year of 2023/24 is at December 2023

Table 6: Value (\$ million) of Industrial Building Approvals - Warehouses

LGA	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Bass Coast (S)	1.1	1.4	2.7	0.0	1.6	2.8	2.0	0.1
Campaspe (S)	1.3	0.5	2.0	1.7	4.5	2.6	8.0	6.4
Moorabool (S)	0.7	4.9	3.6	0.9	5.5	1.2	1.4	1.1
Surf Coast (S)	3.3	4.0	1.0	1.5	3.9	2.7	5.4	5.0

Source: Australian Bureau of Statistics: Building Activity. Cat# 8752.0

Note: the financial year of 2023/24 is at December 2023

Table 7: Value (\$ million) of Industrial Building Approvals - Agricultural Buildings

LGA	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Bass Coast (S)	0.1	0.1	0.7	0.3	1.0	2.1	2.0	0.6
Campaspe (S)	15.2	0.7	0.8	1.7	2.9	6.4	3.3	12.1
Moorabool (S)	0.6	0.7	1.9	1.9	1.6	1.1	1.4	6.1
Surf Coast (S)	0.5	1.5	0.5	1.2	2.7	2.8	2.8	1.0

Source: Australian Bureau of Statistics: Building Activity. Cat# 8752.0

Note: the financial year of 2023/24 is at December 2023

Table 8: Value (\$ million) of Industrial Building Approvals - Total

LGA	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Bass Coast (S)	6.0	4.6	23.6	7.3	14.5	13.9	19.4	10.6
Campaspe (S)	20.3	26.3	4.7	8.1	9.1	9.9	12.5	32.6
Moorabool (S)	2.7	6.0	7.1	2.8	7.8	21.3	4.8	7.2
Surf Coast (S)	4.6	12.5	2.9	3.4	12.1	6.0	9.3	6.3

Source: Australian Bureau of Statistics: Building Activity. Cat# 8752.0

Note: the financial year of 2023/24 is at December 2023

The total value of industrial building approval activity as measured from the 2016/17 financial year to December 2023 by municipal area was:

- \$57 million in Surf Coast;
- \$60 million in Moorabool;
- \$100 million in Bass Coast; and
- \$124 million in Campaspe.

The value of industrial building approval activity in Surf Coast is comparable to Moorabool that has a similar quantum of zoned/occupied industrial lands. However, the value of activity is considerably low compared to Bass Coast and Campaspe that has a significantly larger industrial base.



Since 2016/17, the value of industrial building approval across the municipal area of Surf Coast has averaged \$7.6 million per annum, this is comprised of:

- \$1.7 million for agricultural buildings;
- \$1.9 million for factories; and
- \$3.6 million for warehouses.

Key Issues

Industrial development activity historically and currently has been virtually all located in the West Coast Business Park industrial precinct in Torquay. The Baines Crescent industrial precinct in Torquay essentially has had no supply opportunities for over a decade. Similarly in Winchelsea, there have been limited supply opportunities outside of the land zoned Commercial 2(C2Z) – this is likely to have impacted the expression of underlying demand in this locality.

There has been limited supply (construction) of mid-sized industrial allotments i.e. 1,000 to 5,000 sqm. Industry consultation with existing/potential land users in Torquay highlighted the lack of mid-sized lots/premises. This lack of supply it was reported, impacted on business intentions to expand and in some instances, resulted in businesses choosing to locate outside of Surf Coast.

It is recognised that a diversity of lot sizes is required to support a range of industrial land users. However, 'smaller' lot sizes represent the bulk of the industrial land supply market and typically are used by locally serviced based industries.



4.0 Industrial Land Stocks

Key Findings

As at March 2024, there was a total of 60 hectares of zoned industrial land stocks, of which 13 hectares were assessed as available (supply) for industrial purpose development.

The total stock (supply and unavailable) of industrial land by industrial precincts/settlements include:

- Lorne – 1.8 hectares;
 - Anglesea – 2.2 hectares;
 - Winchelsea – 27 hectares; and
 - Torquay – 30 hectares;
- West Coast Business Park – 21.4 hectares;*
- Baines Crescent – 8.1 hectares.*

Across Surf Coast there are in total:

- 7 hectares of land zoned Commercial 2 (C2Z);
- 20 hectares of land zoned Industrial 1 (IN1Z); and
- 33 hectares of land zoned Industrial 3 (IN3Z).

As at March 2024, there was a total of 393 zoned industrial allotments, of which only 46 lots were identified as available supply. There is limited stock of zoned vacant industrial allotments. The existing vacant lot stock is located in:

- Anglesea – 2 lots;
- Lorne – 5 lots;
- Winchelsea – 6 lots;
- Torquay - 33 lots (of which 21 are currently under construction/subdivision).

Across Surf Coast there is a total of approximately 13 net developable hectares of zoned industrial land stocks. Net developable hectares by zone type include:

- Commercial 2 (C2Z) – 5.9 hectares;
- Industrial 3 (IN3Z) – 6.9 hectares; and
- Industrial 1 (IN1Z) – 1,000 sqm.

In terms of future identified (but unzoned) industrial land stocks, there is an additional estimated 36.8 net developable hectares. Of this capacity, 3.1 hectares is located in Winchelsea and 33.6 hectares in Torquay.

The following section of the report provides an overview of the:

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

The main industrial Precincts in Surf Coast are located in Torquay (West Coast Business Park and Baines Crescent) and Winchelsea. The majority of historical industrial activity in



terms of subdivision, construction and existing industrial uses has been located within the West Coast Business Park.

There are two smaller industrial precincts located in Anglesea and Lorne .

4.1 Industrial Land Stocks - Area

As at March 2024¹, there was a total of 60 hectares of zoned industrial land stocks, of which 13 hectares were assessed as available (supply) for industrial purpose development. This quantum of zoned industrial land supply relative to unavailable industrial land stocks equates to a total land area vacancy rate of 22%.

Of the 13 hectares identified as supply, 8.4 hectares is comprised of existing subdivided lots, the remaining 4.6 hectares has current subdivision approval and is under-construction (subdivision).

The total stock (including both land that Spatial Economics assesses as supply and land unavailable for development) by industrial precincts/settlements include:

- Lorne – 1.8 hectares;
- Anglesea – 2.2 hectares;
- Winchelsea – 27 hectares;
- Torquay – 30 hectares;
 - West Coast Business Park – 21.4 hectares;
 - Baines Crescent – 8.1 hectares;

Across Surf Coast there are in total:

- 7 hectares of land zoned Commercial 2 (C2Z);
- 20 hectares of land zoned Industrial 1 (INZ1); and
- 33 hectares of land zoned Industrial 3 (INZ3).

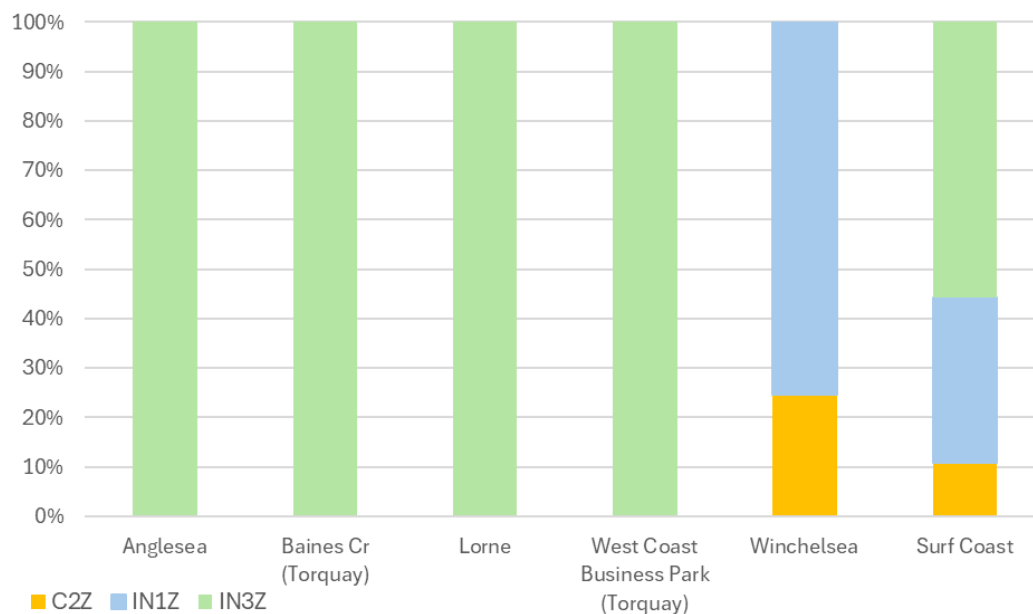
Table 9 summarises the gross area of industrial land stocks by land status and zone type across Surf Coast by industrial precinct/locality.

Graph 1 below illustrates the zoning composition by locality/precinct (measured in area).

¹ This figure excludes industrial land zoned SUZ that is designated for specific industrial use purposes.



Graph 1: Zoning Composition by Locality/Precinct (area), 2024



Source: Spatial Economics Pty Ltd

There are currently three sites identified for future industrial/employment zoning/development, but is currently unzoned for such uses, these include:

- Winchelsea – an area of nearly four hectares in size, directly north of the existing zoned industrial precinct. The southern boundary is directly adjacent to the rail line and bounded to the east by Cressy Road.
- Torquay
 - West Gate Business Park - effectively an extension to the west of the existing industrial precinct, it is nearly 17 hectares in size. Its western boundary is Messmate Road.
 - Messmate Road future land release area - contains an area of approximately 33 hectares that is identified for future employment use (with the potential to be used for industrial purposes).

Maps 6 to 12 at the end of the report illustrate the industrial land stocks (zoned and unzoned) across Surf Coast by industrial precinct.

4.2 Industrial Land Stocks – Lot Size Distribution

Table 10 below details the number of zoned industrial lots by selected lot size cohorts (unavailable and supply). As at March 2024, there was a total of 393 zoned industrial allotments, of which only 46 lots were identified as available supply. The balance is either already occupied by industrial buildings or have associated uses such as shared driveways and parking.

Of the 393 industrial allotments nearly 64% are sized below 1,000 sqm. There are 89 lots sized 1,000 sqm to 2,000 sqm across the municipal area, of which 25 are identified as supply – of this stock nine are currently being constructed (subdivided).

There is a total of 61 lots located in the **Baines Crescent Industrial Precinct (Torquay)**, only four of which are vacant and are sized between 1,000 to 2,000 sqm.

There is a total of 255 lots located in the **West Coast Business Precinct (Torquay)**, only eight of which are vacant and a further 21 are currently being constructed (subdivided). Of



the lots that are currently being constructed, nine are sized between 1,000 to 2,000 sqm and 12 sized between 2,000 to 5,000 sqm. The larger sized lots that are currently being constructed are likely to be further subdivided for multi-unit industrial premises.

For the remaining industrial precincts/locations as at March 2024, there were:

- 29 industrial lots (six vacant lots) - Winchelsea;
- 25 industrial lots (two vacant lots) – Anglesea; and
- 23 industrial lots (five vacant lots) – Lorne.

It is clear that there are limited available zoned industrial lots across Surf Coast. In total there are only 25 zoned vacant lots and a further 21 that are currently being constructed (subdivided).

The West Coast Business Park is Surf Coasts' primary industrial precinct – there are currently only eight vacant lots. However, a further 21 are currently being constructed. After construction of these lots, all zoned unsubdivided industrial land will be depleted.

Graph 2 illustrates the vacant industrial lot stock by industrial precinct and/or locality.



Table 9: Gross Area (hectares) of Zoned Industrial Land Stocks, 2024

Locality/Precinct	C2Z			IN1Z			IN3Z				Total Zoned Stocks			
	Unavailable	Supply	Land Area Vacancy Rate %	Unavailable	Supply	Land Area Vacancy Rate %	Unavailable	Supply	Supply (under - construction)	Land Area Vacancy Rate %	Unavailable	Supply	Supply (under - construction)	Land Area Vacancy Rate %
Anglesea							2.1	0.2		8%	2.1	0.2	0.0	8%
Lorne							1.1	0.6		35%	1.1	0.6	0.0	35%
Torquay							23.3	1.6	4.6	21%	23.3	1.6	4.6	21%
<i>Baines Cr</i>							7.7	0.4		5%	7.7	0.4	0.0	5%
<i>West Coast Business Park</i>							15.6	1.2	4.6	27%	15.6	1.2	4.6	27%
Winchelsea	0.6	5.9	90%	19.9	0.1	1%					20.5	6.1	0.0	23%
Surf Coast	0.6	5.9	90%	19.9	0.1	1%	26.5	2.4	4.6	21%	47.1	8.4	4.6	22%

Source: Spatial Economics Pty Ltd

Table 10: Industrial Land Stocks – Lots by Zone Type, 2024

Locality/Precinct	C2Z			IN1Z			IN3Z				Total Zoned Stocks			
	Unavailable	Supply	Lot Vacancy Rate %	Unavailable	Supply	Lot Vacancy Rate %	Unavailable	Supply	Supply (under - construction)	Lot Vacancy Rate %	Unavailable	Supply	Supply (under - construction)	Lot Vacancy Rate %
Anglesea							23	2		8%	23	2	0	8%
Lorne							18	5		22%	18	5	0	22%
Torquay							283	12	21	10%	283	12	21	10%
<i>Baines Cr</i>							57	4		7%	57	4	0	7%
<i>West Coast Business Park</i>							226	8	21	11%	226	8	21	11%
Winchelsea	1	5	83%	22	1	4%					23	6	0	21%
Surf Coast	1	5	83%	22	1	4%	324	19	21	11%	347	25	21	12%

Source: Spatial Economics Pty Ltd

Table 11: Number of Zoned Industrial Allotments by Lot Size Cohort, 2024

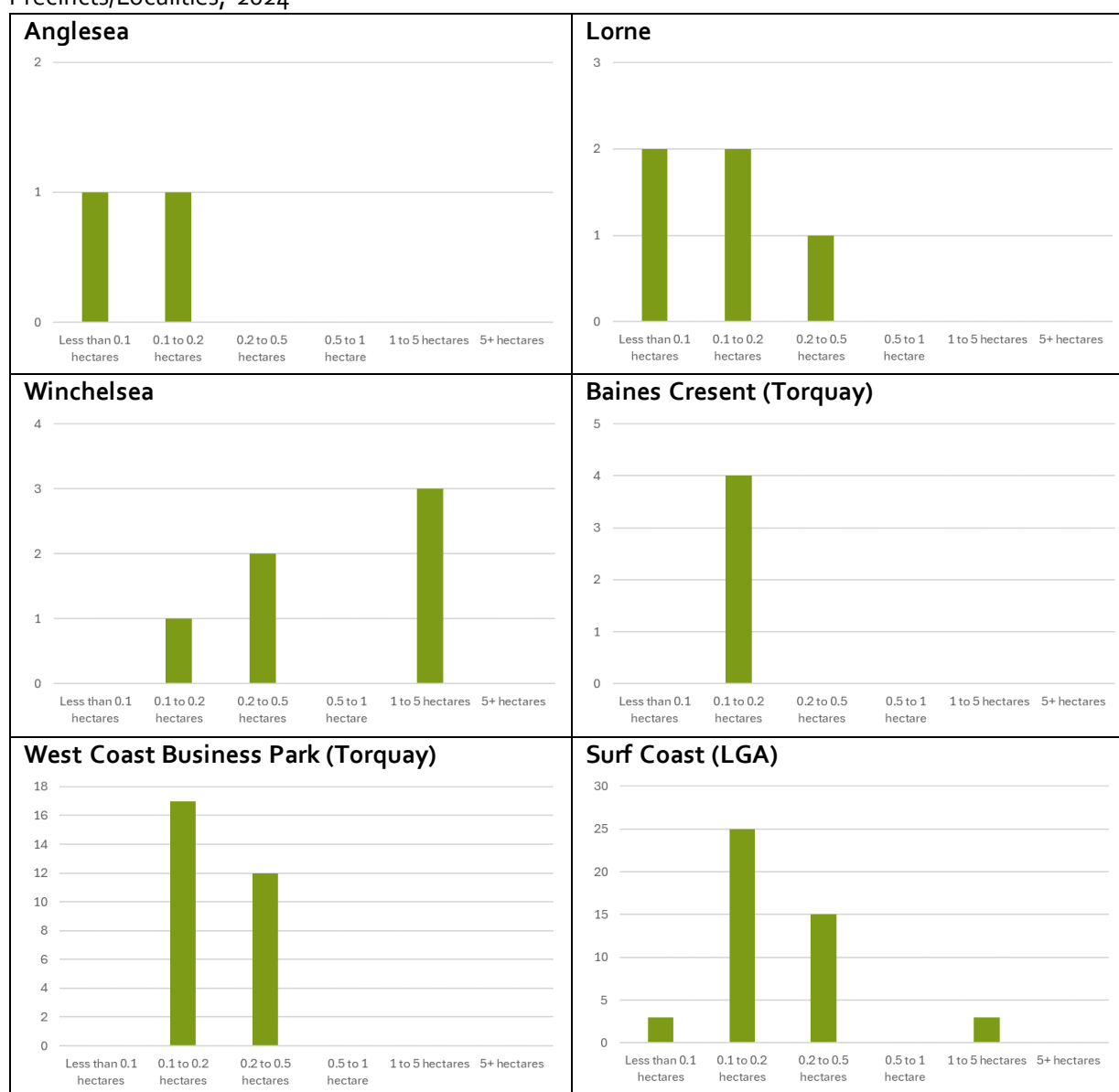
Locality/Precinct	Less than 0.1 hectares			0.1 to 0.2 hectares				0.2 to 0.5 hectares				0.5 to 1 hectare		
	Unavailable	Supply	Vacancy Rate %	Unavailable	Supply	Supply (under - construction)	Vacancy Rate %	Unavailable	Supply	Supply (under - construction)	Vacancy Rate %	Unavailable	Supply	Vacancy Rate %
Anglesea	12	1	8%	10	1		9%	1			0%			
Lorne	15	2	12%	2	2		50%	1	1		50%			
Torquay	221		0%	44	12	9	32%	12		12	50%	4		0%
<i>Baines Cr</i>	37		0%	16	4		20%	2			0%	1		0%
<i>West Coast Business Park</i>	184		0%	28	8	9	38%	10		12	55%	3		0%
Winchelsea	1		0%	8	1		11%	3	2		40%	5		0%
Surf Coast	249	3	1%	64	16	9	28%	17	3	12	47%	9		0%

continued

Locality/Precinct	1 to 5 hectares			5+ hectares		Total Lots			
	Unavailable	Supply	Vacancy Rate %	Unavailable	Supply	Unavailable	Supply	Supply (under - construction)	Vacancy Rate %
Anglesea						23	2	0	8%
Lorne						18	5	0	22%
Torquay	2		0%			283	12	21	10%
<i>Baines Cr</i>	1		0%			57	4	0	7%
<i>West Coast Business Park</i>	1		0%			226	8	21	11%
Winchelsea	5	3	38%	1		23	6	0	21%
Surf Coast	7	3	30%	1		347	25	21	12%

Source: Spatial Economics Pty Ltd

Graph 2: Number of Zoned Industrial Lots (Supply/Vacant) by Lot Size Range -Industrial Precincts/Localities, 2024



Source: Spatial Economics Pty Ltd

Note: Includes lots under construction, size outcome based on preliminary subdivision approval

4.3 Industrial Land Stocks – Land Use

The Surf Coast Shire Council in early 2024 undertook a land use survey of all zoned and occupied industrial land stocks. The survey classified land uses by Australian and New Zealand Standard Industrial Classification (ANZSIC) Division and by four digit ANZSIC Code (class code).

Results of the survey are summarised in the tables below for the major industrial precincts of Surf Coast, namely the West Coast Business Park, Baines Crescent and Winchelsea.

The two core industrial precincts in Torquay are characterised by diverse employment uses. They can be described as being dominated by non-traditional industrial uses. Traditional industrial uses can be described as enterprises involved in manufacturing, wholesale and storage trade. Whilst non-traditional industrial uses can be described as retail, recreation/leisure related, health care and education/ training sectors.



It has been observed over the past decade or more, zoned industrial lands across major regional centres and metropolitan Melbourne are increasing being used for non-industrial purposes. However, even in comparison to this trend, it is worth noting that industrial lands in Torquay have a significant prevalence of non-traditional uses.

Specifically, within both the West Coast Business Park and the Baines Crescent industrial precincts, industrial lands are being used for:

- Retailing (furniture, clothing, camping, food);
- Arts and recreational services (gyms, recreation); and
- Professional, Scientific & Technical Services (design, computer system and accounting services).

It is estimated that around 60% of the premises within the West Coast Business Park and 63% in the Baines Crescent are non-traditional industrial uses.

In comparison, industrial land in Winchelsea is fully occupied by traditional industrial land uses.

Table 12: Land Use Industrial Land Stocks – West Coast Business Park

ANZSIC Division	No. of Premises	% Distribution
Other Services	3	4%
Manufacturing	7	8%
Wholesale Trade	7	8%
Construction	16	19%
Traditional Industrial Uses	33	40%
Agriculture, Forestry & Fishing	1	1%
Education & Training	1	1%
Health Care & Social Assistance	2	2%
Administrative & Support Services	3	4%
Rental, Hiring & Real Estate Services	6	7%
Professional, Scientific & Technical Services	7	8%
Arts & Recreation Services	11	13%
Retail Trade	19	23%
Non Traditional Industrial Uses	50	60%
West Coast Business Park	83	100%

Source: Surf Coast Shire Council



Table 13: Land Use Industrial Land Stocks – Baines Crescent

ANZSIC Division	No. of Premises	% Distribution
Other Services	4	8%
Construction	5	10%
Manufacturing	5	10%
Wholesale Trade	5	10%
Traditional Industrial Uses	19	37%
Accommodation & Food Services	2	4%
Arts & Recreation Services	2	4%
Financial & Insurance Services	2	4%
Rental, Hiring & Real Estate Services	2	4%
Administrative & Support Services	3	6%
Information Media & Telecommunications	3	6%
Health Care & Social Assistance	4	8%
Professional, Scientific & Technical Services	7	14%
Retail Trade	7	14%
Non Traditional Industrial Uses	32	63%
Baines Crescent	51	100%

Source: Surf Coast Shire Council

Table 14: Land Use Industrial Land Stocks – Winchelsea

ANZSIC Division	No. of Premises	% Distribution
Construction	1	9%
Electricity, Gas, Water & Waste Services	1	9%
Manufacturing	1	9%
Other Services	5	45%
Transport, Postal & Warehousing	2	18%
Wholesale Trade	1	9%
Traditional Industrial Uses	11	100%
Winchelsea	11	100%

Source: Surf Coast Shire Council

4.4 Supply of Industrial Land – Net Developable Area

As at March 2024, there was 13 gross hectares of zoned notionally available as industrial land supply across Surf Coast.

Of this identified supply, typically there will be a proportion of land not available for development. This includes the normal land development take-outs including, but not limited to local and regional roads, supporting infrastructure, and open space requirements. It also includes land where development is likely to be constrained by native vegetation, excessive slope and other environmental constraints such as waterways and flooding. Land development take-outs vary by site and particularly according to the size of the undeveloped allotment.

Specific land development take-outs have been assessed by Spatial Economics on a parcel by parcel basis. This typically results in Spatial Economics estimating a smaller 'net developable area' (i.e. the area able to be developed into industrial lots). In this instance, there has been zero take-outs for the zoned industrial land stocks. Zoned industrial land stocks across Surf Coast are largely fully



subdivided and/or currently under construction. There are effectively no zoned industrial greenfield stocks left in Surf Coast.

Across Surf Coast there is a total of approximately 13 net developable hectares of zoned industrial land stocks. Net developable hectares by zone type include:

- Commercial 2 (C2Z) – 5.9 hectares;
- Industrial 3 (IN3Z) – 6.9 hectares; and
- Industrial 1 (IN1Z) – 1,400 sqm.

In terms of future identified (but unzoned) industrial land stocks, there is an additional estimated 36.8 net developable hectares.

The following provides an overview of industrial land supply by industrial precinct/urban centre.

Anglesea

Zoned Stocks: There are currently 0.2 net developable hectares of zoned Industrial 3 (IN3Z) land in Anglesea. This is comprised of two lots.

Since 2010, there has been 0.09 hectares of industrial land consumed i.e. changed from vacant to occupied. Since 2010, there has been eight industrial lots created via subdivision.

Unzoned Stocks: There is currently no land identified (unzoned) for future industrial expansion.

Lorne

Zoned Stocks: There are currently 0.6 net developable hectares of zoned Industrial 3 (IN3Z) land in Lorne. This is comprised of five lots.

Since 2010, there has been 0.7 hectares of industrial land consumed i.e. changed from vacant to occupied. Since 2010, there has been no industrial lots created via subdivision.

Unzoned Stocks: There is currently no land identified (unzoned) for future industrial expansion.

Winchelsea

Zoned Stocks: There are currently 0.14 net developable hectares of zoned Industrial 1 (IN1Z) land in Winchelsea. This is comprised of one lot. In addition, there is a total of 5.9 net developable hectares of land zoned Commercial 2 (C2Z). This is comprised of five lots.

Since 2010, there has been 0.61 hectares of industrial land consumed i.e. changed from vacant to occupied. Since 2010, there has been four industrial lots created via subdivision.

Unzoned Stocks: Land is identified for future Industrial 1 (IN1Z) zoning in Winchelsea. is likely to yield approximately 3.1 net developable hectares.

Torquay

Zoned Stocks: There are currently 6.2 net developable hectares of zoned and available industrial land in Torquay, of which 0.4 hectares is located within the Baines Crescent industrial precinct and 5.7 hectares in the West Coast Business precinct. Of the available land stocks in the West Coast Business precinct, 4.6 hectares is currently under construction/sub-division.

In total there are 33 lots identified as available supply, all of which are zoned Industrial 3 (IN3Z). Of this lot stock 21 are currently under-construction/subdivision.

Since 2010, there has been 16 hectares of industrial land consumed i.e. changed from vacant to occupied. Since 2010, there has been 152 industrial lots created via subdivision.

Unzoned Stocks: Land is identified for future industrial/employment zoning in Torquay. The two separate (but contiguous) sites are likely to yield approximately 33.6 net developable hectares.



Key Issues

Spatial Economics have identified that effective demand for industrial land in Surf Coast is likely to have been suppressed by the limited supply choices available and that stocks of zoned industrial land in Winchelsea and Torquay are insufficient to meet the likely underlying requirements in the short, medium and longer term. This is true in terms of demand for both smaller and larger allotments.

There are currently only six vacant lots in Winchelsea, five of which are zoned Commercial 2 (C2Z) and one zoned Industrial 1 (INZ1) – which is only 1,400 sqm in size.

In terms of existing zoned vacant allotments in Torquay, there are only 12 lots, typically sized around 1,400 sqm. A further 21 lots are currently being constructed. Post construction, all undeveloped land stocks in Torquay will have been depleted.

There are few available industrial lot stocks in both Lorne and Anglesea. There is limited to no potential of industrial land expansion for these localities.

There are limited stocks of Industrial 1 (INZ1) zoned land (occupied and vacant) across Surf Coast. All the stock of this zone type is in Winchelsea and there is currently only one vacant lot, which is 1,400 sqm in size. The majority of zoned industrial land in Surf Coast is zoned Industrial 3 (INZ3) which relative to Industrial 1 zoning is more restrictive in terms of permitted industrial uses.

There is limited stock identified (but currently unzoned) for future industrial development in Winchelsea to meet medium to longer term requirements. Currently, land identified for future industrial zoning is likely to yield only 3.1 net developable hectares.

There is sufficient unzoned industrial land identified to meet short, medium and longer term requirements in Torquay, but current zoning does not support a full range of industrial uses/development.

Within the industrial precincts in Torquay around 60% of the current enterprises could be described as non-traditional industrial land users. In instances, these uses can conflict with more traditional industry types. In formulating likely future demand for industrial land, these non-traditional uses need to be considered from a land supply and planning strategy perspective.



5.0 Industrial Land Stock Requirements

Key Findings

It is estimated that between 2024 to 2036 that there will be an average annual demand for between 1.4 to 2.4 hectares of industrial land in Surf Coast. Over the longer term (2036 to 2051), demand is expected to increase to on an average between 1.7 to 2.8 hectares per annum.

Based on the demand estimates, a total of between 43.5 to 73.6 net developable hectares of industrial land will be required from 2024 to 2051.

The current stock of zoned industrial land is theoretically sufficient to meet between six to nine years of demand. However, Spatial Economics consider that between 3 to 5.5 years of zoned supply is a more pragmatic estimate. This excludes undeveloped Commercial 2 (C2Z) land in Winchelsea – this zone type does not support general industrial uses.

In terms of land identified for future industrial uses (but currently unzoned for this purpose) there is sufficient land stocks to support between 15 to 24 years of future demand.

The process of identifying additional industrial land supply requirements in Surf Coast involves the identification both of total industrial land needs for the Surf Coast Shire and of likely future requirements for individual industrial precincts – especially the core industrial precincts in Torquay and Winchelsea. Likely future requirements also need to be further clarified in terms of the required zone types and broad lot size configurations.

It must be recognised that no future urban expansion will occur outside of current town boundaries for Lorne, Anglesea and Torquay.

The following chapter of this assessment explores:

1. future industrial land demand scenarios;
2. the years of supply of existing industrial land stocks; and
3. the adequacy of existing planning for current and future industrial land requirements.

5.1 Industrial Land Supply and Development Characteristics

The development of industrial land has very particular drivers and challenges -especially so for smaller towns. Demand can be hard to predict, while it is usually not possible to release industrial land incrementally due to the nature of the costs involved in development.

The inherently 'lumpy' nature of industrial land development means that developers need to have a reasonably sure expectation of at least medium-term demand to justify the required capital investment. In many regional areas, especially outside the major regional centers, industrial land development can often be of marginal economic viability, given uncertainties regarding the extent, nature and timing of future demand. Issues involving the availability and cost of infrastructure provision can also make industrial development financially marginal in some regional areas.

Furthermore, financial returns on industrial development are often both lower and more uncertain than returns from residential development. Residential land has a much larger customer base and in general is easier to sell and can therefore provide an earlier and more predictable income stream than industrial developments.

At the same time the ready availability of sites for development of industrial buildings/facilities is a critical part of an effective economic development strategy for regional councils.

Potential investors in industrial projects in regional areas are often at least partly 'footloose' (i.e. not tied to a particular location) and will often choose to shift their investment to another council area if a suitable site and services are not available, or if a lack of prior planning means that the development approval process is likely to be uncertain or protracted.



Especially in smaller regional markets there can be what is in essence a form of 'market failure' which requires public (i.e. either state or council) intervention to ensure that a suitable stock of industrial land is available.

The timely provision of industrial land is paramount to the economic development of a town both directly and indirectly. Industrial activity directly provides for local jobs growth which, through multiplier effects, increases the general prosperity of the town. Having local services means that locals have less need to travel to larger centers (like Geelong) for basic goods and services. This reduces the leakage of spending from smaller towns and increases local prosperity.

Land within industrial estates can also be used to facilitate economic activity somewhere else within the town or local government area. For example, a business may use industrial land effectively as a warehouse with little or no direct on-site employment, but the facility may be critical to the operation of a business which may have substantial local employment.

5.2 Demand Scenarios

Two demand scenarios have been formulated, both use State Government (VIF 2023) population projections as a measure of growth over-time together with recent consumption of industrial land across Surf Coast. The two scenarios are outlined below.

Scenario One: utilises population projections contained in VIF 2023 from 2021 to 2036. VIF projections at an LGA level only are produced to 2036. Post 2036, a constant population growth of 1% per annum is assumed. Spatial Economics consider this a conservative assumption regarding the long-term population growth outlook for Surf Coast. From 2021 to 2051, the modified projections illustrate an annual population growth rate of 1.3% and a total growth in population of 18,000 persons.

Recent consumption of industrial land from 2015 to 2024 is assumed as the starting basis for industrial land demand. This equates to an average of 1.3 hectares per annum. Spatial Economics also considers this to be a conservative estimate of underlying demand. This view is primarily driven by:

- consultation with existing industrial land users which highlighted the difficulty in accessing suitable sites to both locate and expand their enterprises (an indicator of latent demand); and
- the fact that in the later part of this time period land stocks were relatively constrained.

Scenario Two: utilises the same population growth assumptions. However, recent industrial land consumption from 2015 to 2019 (2.2 hectares per annum) was assumed as the starting basis for estimating demand.

During this period there were significant undeveloped but zoned industrial land stocks and a sustained peak level (over five years) of industrial land development and consumption.

The table below summarises the average annual net industrial land demand by scenario.

Table 15: Average Annual industrial land demand (net hectares)

	2024 to 2036	2036 to 2051
Scenario One	1.4	1.7
Scenario Two	2.4	2.8

Source: Spatial Economics Pty Ltd

The demand scenarios do not consider the potential for unexpected demand for sites from larger industrial land users (i.e. for sites above two hectares in size). Demand for such larger industrial sites is often characterised by 'one off' approaches from potential investors who tend to have



multiple potential options as to where they invest. Such approaches are inherently difficult to predict in smaller regional council areas but have the potential to have a very substantial impact on local employment and income. The possibility of such (un-forecast) demands therefore needs to be kept in mind when councils are undertaking strategic planning for future industrial land requirements.

5.3 Years Supply – Existing Stocks

The adequacy of supply is measured by establishing estimates of the net developable area and the likely average annual rate of industrial land consumption. The result is a measure of adequacy expressed in terms of years of available supply.

The table below summarises the estimated years of industrial land supply by scenario for both zoned and unzoned industrial land stocks across Surf Coast.

Table 16: Estimated Years of Supply

	Zoned	Unzoned	Total
Scenario One	9	24	33
Scenario Two	6	15	21

Source: Spatial Economics Pty Ltd

Note: It is assumed that land identified for future employment uses in the Messmate Road land release area will be for industrial uses

A more pragmatic approach to assessing the short-term adequacy of zoned industrial land stocks would be to exclude the 5.9 ha of undeveloped Commercial 2 (C2Z) zoned land in Winchelsea from the estimates. Since 2010, there has been no consumption of Commercial 2 (C2Z) zoned land and this zoning is for specific purposes (not general industrial uses).

Exclusion of this land supply stock reduces the years of zoned industrial land supply to **between 3 to 5.5 years**. Spatial Economics consider this a more realistic estimate of available and usable short-term industrial land supply.

In terms of land identified for future industrial uses (but currently unzoned for this purpose) there is sufficient land stocks to support between 15 to 24¹ years of future demand.

This 'years of supply' assessment is heavily dependent on the major assumption that all identified supply will in fact be made available for development by the land owners and be developed and brought to the market. There are many factors that may result in identified land stocks not being available to the market – they include the intentions of land owners, the costs of development, incompatible neighbouring uses that compromise the ability to obtain planning approvals, etc. Developer decisions that result in land products not meeting industrial land user requirements (lot size, configuration, etc) may also inhibit effective supply.

5.3.1 Future Land Requirements

Based on the above industrial land demand scenarios from 2024 to 2051, it is estimated that:

- a total of **43.5 net developable hectares** of zoned industrial land is required for Scenario One; and
- a total of **73.6 net developable hectares** of zoned industrial land is required for Scenario Two.

A net developable hectare is defined as the land area available for industrial development/use, this excludes such items as road infrastructure, drainage reserves, local open space, easements etc

¹ It is assumed that land identified for employment purposes within the Messmate Road land release area will be for industrial uses.



Zone Type

The industrial land demand forecasts are based on industrial land needs that principally service the local community/economy. Therefore, the use of predominantly Industrial 1 zoning would be appropriate (with the selective use of Industrial 3 zoning if buffers are required).

Lot Size Configuration

The industrial land demand forecasts were based on industrial land needs that exclude possible demands for large lot industrial land users (i.e. users with a requirement for sites of above two hectares). The overall demand for industrial lots across regional Victoria is for relatively small lots, certainly less than 0.5 hectares in size and often around the 1,000 to 2,000 sqm mark. This is a typical demand profile as evidenced in most regional centres/townships across Victoria. Actual lot size distribution/configuration will largely be driven by market demands/preferences.

Other Considerations

From our analysis it seems clear that ongoing planning for industrial land supply in Surf Coast will need to provide for two distinct types/sources of demand.

The first is the local demand for, primarily smaller, industrial sites. Being largely driven by population growth this demand should be, relatively speaking, steady and predictable (even if the actual development of the land tends to be 'lumpy').

The second source of demand typically comes from outside the Shire and is for larger sites. This demand comes from users for whom a decision to invest in the Shire will reflect an assessment of the comparative advantage of investing in Surf Coast as opposed to other potential regional locations. It also encompasses 'export' type and supporting industries i.e. production for trade outside of the municipality, an examples particularly apt for Surf Coast is agriculture.

As previously noted, this demand is innately harder to forecast. It is very 'lumpy', may be characterised by very specific site and location requirements, and may be driven by companies with minimal past involvement with Surf Coast.

The existence of these two distinct types of demand has implications for Council in framing its Urban Future Strategy. In particular it points to the need for Council to both plan for and facilitate developments to meet the reasonably predictable local demand and also to have clear strategies to enable it to respond quickly to the hard to predict but potentially very important demands from outside the Shire.

5.3.2 Adequacy of Supply – by Locality

There are currently limited stocks of zoned industrial land across Surf Coast. This is the case both in terms of undeveloped greenfields lands and existing vacant lots. This deficiency of existing zoned industrial land stocks was highlighted in our industry consultation, where it was reported that the availability of suitable sites, suitable sized site and premise and/or completed premise is impeding enterprise expansion. This is said to be resulting in limits on growth of current operations and even of the location of enterprises outside of Surf Coast.

There is ample supply of land identified but not yet zoned to meet anticipated needs for at least the medium term. The majority of this stock is located in Torquay.

There is effectively no supply of zoned industrial land Industrial 1(INZ1). This effectively limits the potential growth of industrial uses across Surf Coast.

The following provides an overview by locality/industrial precinct of existing industrial stock levels.

Anglesea: There are currently two vacant industrial lots in Anglesea with a total area of approximately 2,000 sqm. There is limited to no opportunity to expand industrial land supply in Anglesea.



Lorne: There are currently five vacant industrial lots in Lorne with a total area of approximately 6,000 sqm. There is limited to no opportunity to expand industrial land supply in Lorne.

Winchelsea: Zoned industrial land supply in Winchelsea is highly constrained. There is currently only one vacant lot zoned Industrial 1 (INZ1), which is 1,400 sqm in size. There is currently, ample zoned Commercial 2 (C2Z) zoned land – however this zone type allows for only very limited industrial activities.

Land identified for future industrial use (but currently unzoned) is likely to yield approximately 3.1 net developable hectares of Industrial 1 (INZ1) land. Rezoning of this land is anticipated in 2024. This additional zoned land stock will satisfy needs in the short-term. However, additional industrial land stocks will need to be provided to service expected population growth in Winchelsea and the surround hinterland.

Industrial 1 (INZ1) zoning of this additional land would be the most appropriate zone type to allow a wider range of industrial uses.

Torquay

Baines Crescent Industrial Precinct: The Baines Crescent industrial precinct in terms of industrial land supply is effectively exhausted. There are currently only four vacant lots, totalling around 4,300 sqm.

There is no opportunity to expand industrial land supply opportunities in the Baines Crescent industrial precinct. The Baines Crescent industrial precinct has a diverse mixture of employment uses, a substantial proportion could more be described as commercial uses as opposed to 'traditional' industrial.

The potential of increasing mixed use developments in this precinct, including residential, will most likely result in displacement of some more traditional industrial uses. This will likely result in a transfer of industrial land demand to other precincts in Torquay.

West Coast Business Park Industrial Precinct: The vast majority of industrial development activity across Surf Coast is located in the West Coast Business Park. Since 2010, this industrial precinct has transformed from essentially an undeveloped greenfield site to practically fully developed in 2024.

As at March 2024, there was only eight zoned vacant industrial allotments, totalling 1.2 hectares. The remaining undeveloped zoned industrial greenfield land is currently being subdivided and will likely yield 21 lots. Post-construction of these lots, all undeveloped zoned industrial land stocks will be exhausted – not just in this precinct, but across the municipality.

Additional zoned industrial land stocks are therefore required in the short term.

A site identified immediately west of the existing West Coast Business Park has been identified for future industrial zoning/development. This site is estimated to yield approximately 12 net developable hectares.

It is highlighted, (assuming the current subdivision is completed in 2024) that from 2010 to 2024, a total of 21.4 net hectares will have been subdivided/consumed in this precinct – all within 14 years.

There is additional land further west of the West Coast Business Park industrial precinct, located in the Messmate Road land release area. The identified site is likely to yield around 21.6 net developable hectares.



Key Issues

Spatial Economics considers there are currently insufficient zoned greenfield industrial land stocks to meet both the immediate and future requirements within the core industrial precincts in Torquay and Winchelsea.

In addition, Spatial Economics considers there are currently insufficient zoned Industrial 1 (Inz1) land stocks to meet a wider spectrum of industrial land users.

Based on both comparative observations and stakeholder feedback, there is insufficient zoned industrial lots that are moderately sized i.e. 1,000 sqm to 5,000 sqm.

There is currently sufficient land identified, not yet zoned, for future industrial development to meet anticipated medium to longer term demand.



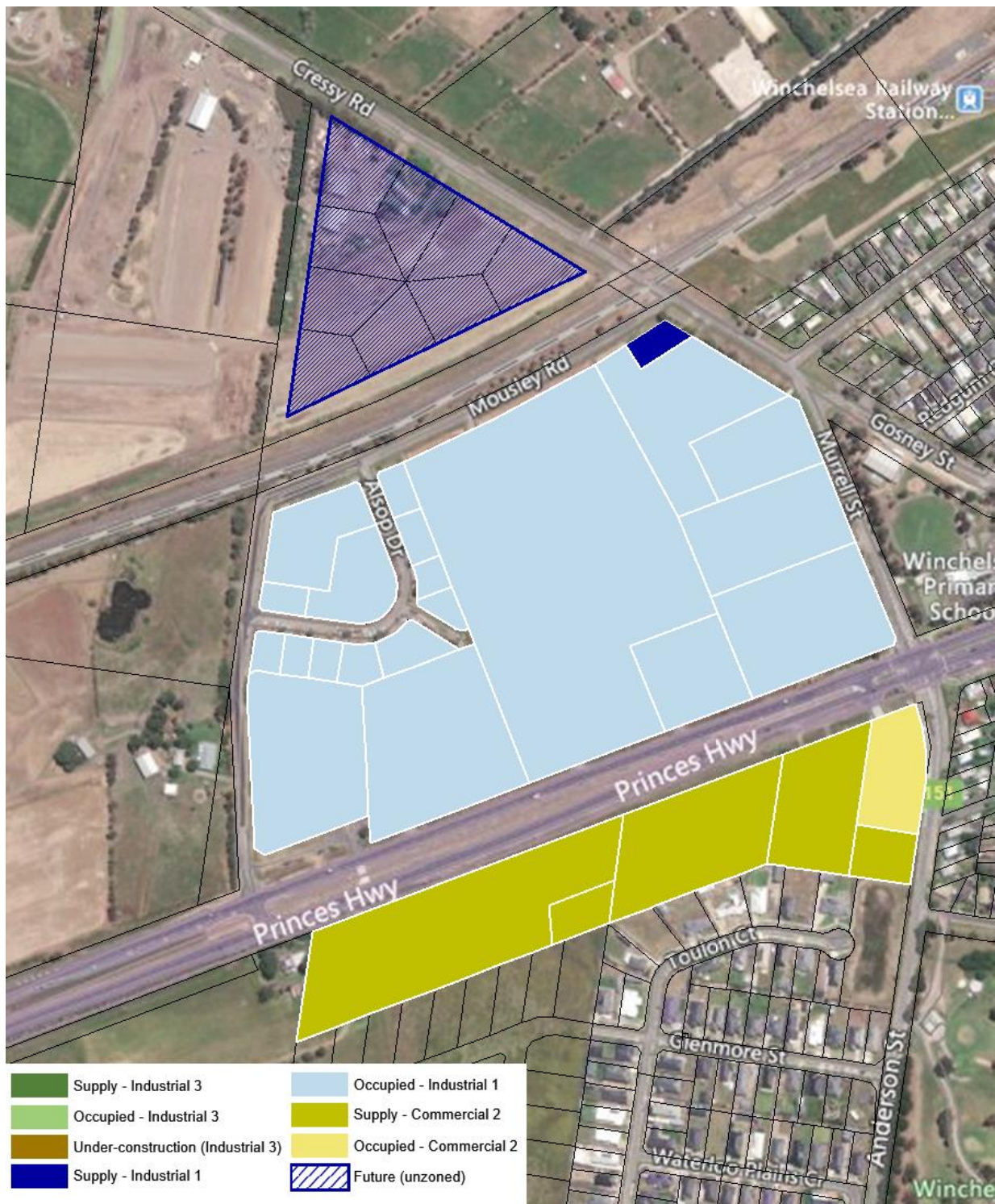
Map 6: Anglesea – industrial land stocks



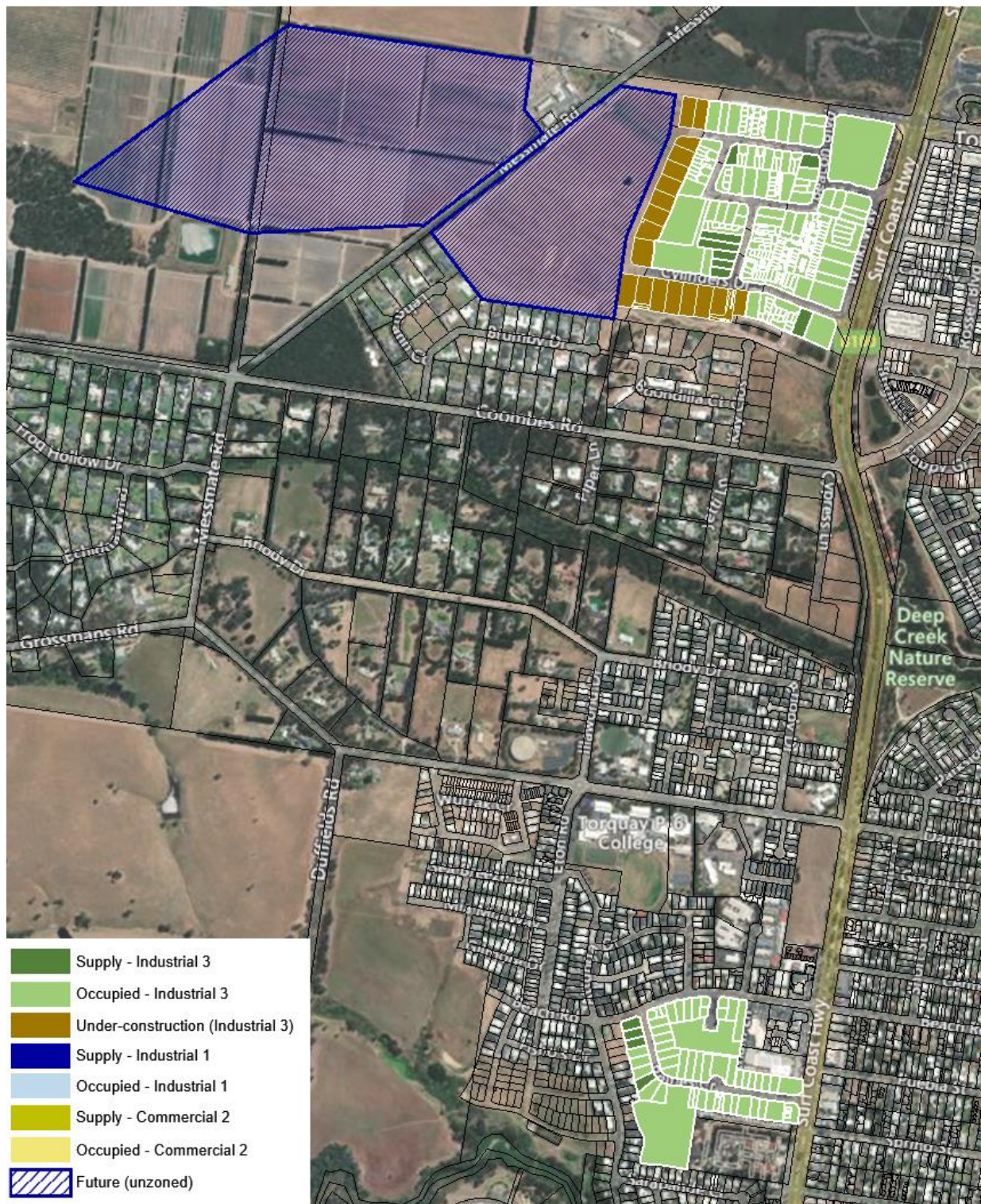
Map 7: Lorne– industrial land stocks



Map 8: Winchelsea– industrial land stocks



Map 9: Torquay– industrial land stocks



Map 10: Baines Crescent (Torquay) – industrial land stocks



Map 11: West Coast Business Park (Torquay) – industrial land stocks



Map 12: Messmate Road (Torquay) – industrial land stocks

