

Longwarry – Residential Demand Forecast

Prepared for
Shire of Baw Baw

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Executive Summary.

Longwarry's role as a housing market

Longwarry has the demographic and economic profile as well as the property market dynamics to support robust population growth and housing demand. This has become even more pronounced given Covid 19 (C-19) and the impact on the housing market caused by the structural changes occurring in living preferences (and living locations) as well as working from home.

Longwarry is affordable.

Longwarry has lower house and land prices when compared to Warragul, Drouin, and Metropolitan Melbourne which makes it attractive from an affordability perspective. Importantly, Longwarry, Warragul, and Drouin have all had overall stronger price growth than Metropolitan Melbourne which is a reflection of high demand to reside in the area. Longwarry is highly attractive to younger families and blue-collar workers who are priced out of more expensive housing sub-markets and need a place to live close to local employment or employment in south-east Metropolitan Melbourne.

Longwarry has jobs.

Longwarry has high job containment (jobs to workers) as well as good local industry. Furthermore, the jobs that are located within Longwarry are typically higher paying than those in Drouin and similar paying to those in Warragul.

Another key finding is that the residents of Longwarry who work in Metropolitan Melbourne work primarily in the south-east of Metropolitan Melbourne. It is evident that they live in Longwarry due to its proximity to jobs but lower housing price point when compared to south-east Metropolitan Melbourne.

Longwarry has location.

Longwarry is "connected" to Metropolitan Melbourne as well as the Baw Baw Shire and the figures in this report show that it does, and will continue to, play a role across several housing sub-markets.

It is Charter's view that C-19 will benefit the Regions across Victoria including towns such as Longwarry. The Regions are not exposed to overseas migration like Central City locations and they are also attractive from a value and lifestyle proposition. This is reflected in the recent high levels of migration from Metropolitan Melbourne to the Regions.

There is also a large opportunity for Longwarry to act as an outlet for residents priced out of south-east Metropolitan Melbourne (and specifically the greenfield corridor) given its location proximate to this corridor. It is important to keep in mind that the south-east Metropolitan Melbourne greenfield corridor is the most expensive greenfield corridor in Victoria. Longwarry is in a good location to accept demand from purchasers priced out of these sub-markets but looking to work in the south-east of Metropolitan Melbourne.

Inducing Demand

This report has established that the housing market fundamentals do exist in Longwarry (i.e. land values, employment, transport, and infrastructure) to support the town expansion and greater housing supply.

Charter observes that when land has been released it has been quickly absorbed by the market and there is demand to

produce around 20-30 lots per annum and even up to around 40 lots per annum if Council supports this.

Council needs to consider whether it does (and if so by how much) induce demand in Longwarry. This needs to be considered in light of the opportunity for employment expansion within the township of Longwarry which will support housing demand as well as the role Longwarry can play in housing residents priced out of south-east Metropolitan Melbourne as well as those priced out of Warragul and Drouin.

Population growth and housing demand.

Charter's current forecasts suggest that the population of Longwarry will grow anywhere from +2%p.a. under a low growth scenario to +2.8%p.a. under a moderate growth scenario. These growth rates are based upon the demand for the production of 20 - 30 lot sales per annum. This is subject to land in Longwarry being made available for development and the production of housing.

Finally, Charter believes that should the town centre be upgraded, and industry expanded as proposed the population of Longwarry could grow by +3.3%p.a based on the demand for the production of 40 lot sales per annum. Once again for this to occur, additional land will need to be made available for development.

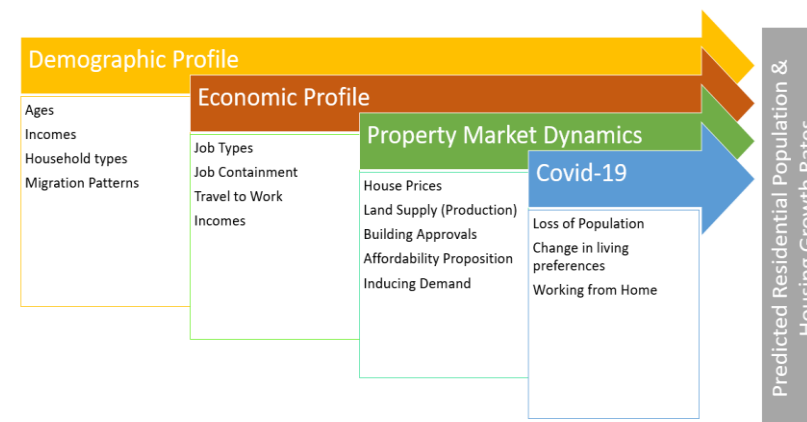
2. Purpose of Report

Charter Keck Cramer (Charter) has been instructed to provide forecast residential population and housing growth rates for the township of Longwarry. This analysis will assist with informing the Structure Plan being prepared for the town of Longwarry.

Predicting residential population and housing growth rates is an exercise that is sub-market specific, and various factors need to be considered. This is even more critical to understand given C-19 and the demand-side shock to population growth and the consequent change in living preferences.

Charter has applied a robust methodology to undertake this exercise (summarised in Figure1). The analysis also includes a comparison of Longwarry with Warragul, Drouin, Trafalgar, the Baw Baw LGA and metropolitan Melbourne where relevant, so that meaningful observations and trends can be identified.

Figure 1: Project Methodology



3. The Longwarry Township

This section provides a high-level overview of the township of Longwarry as well as a summary of relevant key concepts and themes expressed in Council planning policies & plans.

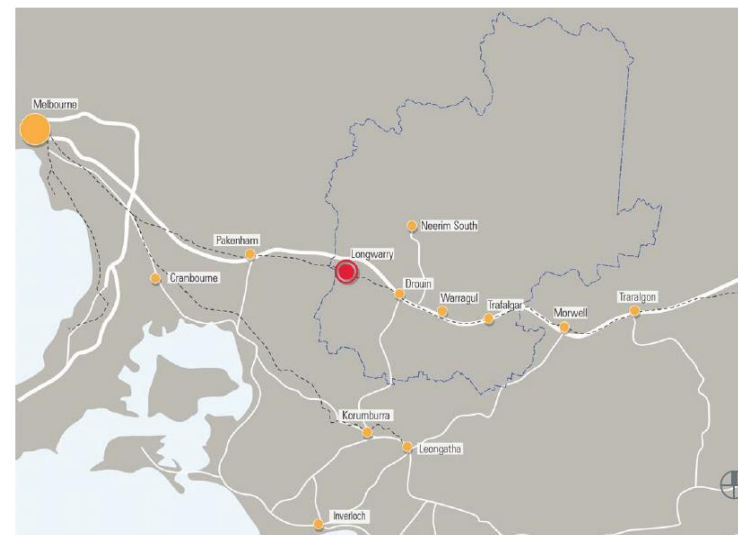
3.1. Strategic Considerations: Township Context

Longwarry is located 80km from Melbourne and 25km from Pakenham. The town is located in the Shire of Baw Baw. It is also within the orbit of the Local Government Area of the City of Cardinia. The larger towns of Drouin and Warragul offer more regional services than Longwarry.

Longwarry railway station provides a v-line service to Melbourne whilst the Princes Freeway connects the town to Melbourne.

Longwarry is identified as one of the Shire's six main towns. It provides commercial, industrial and residential uses for its immediate residents and wider catchment. Longwarry also has strong economic connections with the dairy industry. (*Urban Design Framework, page 8*).

Figure 2: Longwarry [Regional Context]



Source: Longwarry Urban Design Framework

5. Demographic Profile - Longwarry

This section describes the demographic profile of the residents of the town of Longwarry.

5.1. Age Cohorts

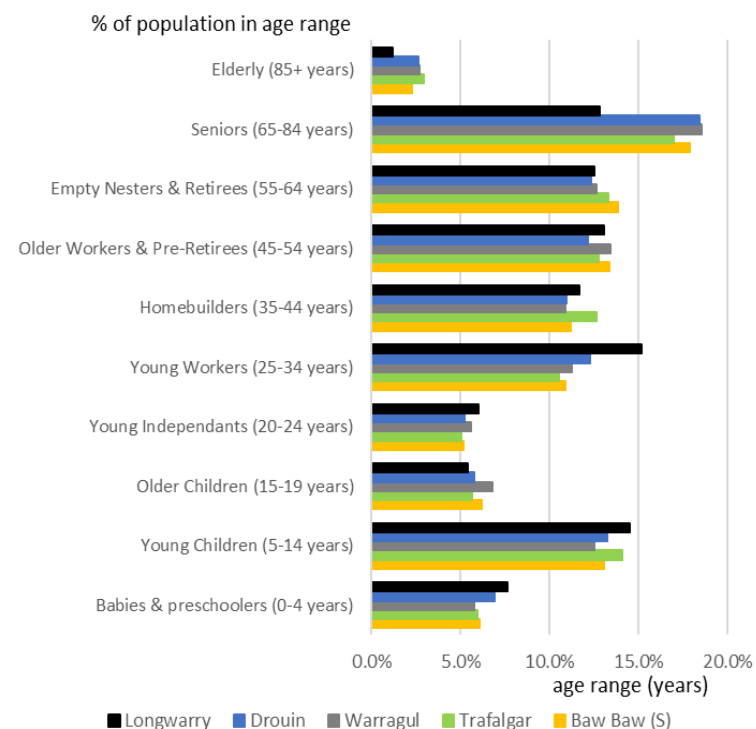
The largest proportion of the population in Longwarry are in the Young Worker (25-34 yo) at 15.2% and Young Children (5-14 yo) at 14.5% age groups.

The largest difference in population between Longwarry and the selected regions are also in the Young Worker (25-34 yo) and Young Children (5-14 yo) age groups.

Whilst not shown in the chart, Metropolitan Melbourne also has a high proportion of its overall population in the Young Worker (25-34 yo) age segment. This shows the orbital link that exists between Longwarry and Metropolitan Melbourne.

When read in conjunction with the figures throughout this report, Longwarry appears to be a location where young families (price-point sensitive) are relocating to access housing and employment opportunities.

Figure 4: Age Profile, Longwarry and selected regions (2016)



Source: ABS (2016), Charter Keck Cramer

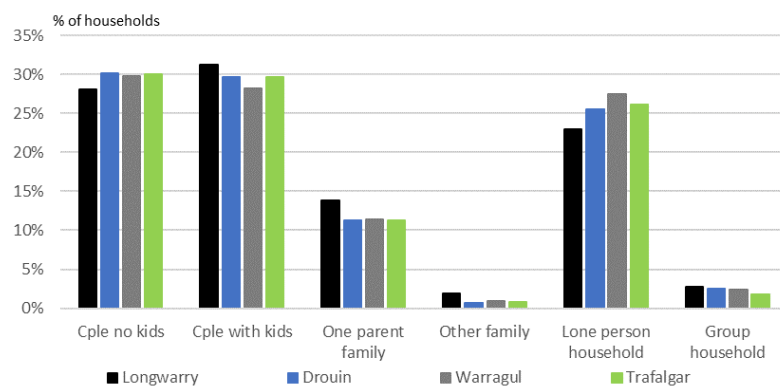
5.2. Household Type

The largest household type in the town of Longwarry as at the 2016 Census was Couples with Kids (31% of the population).

The greatest difference in household type in Longwarry compared to the selected regions is Couples with Kids, One Parent Families, Other Families and Group Households.

This suggests that younger, emerging families and single parents are living in Longwarry. The reason for this is most likely because they are seeking out both more affordable housing as well as employment opportunities.

Figure 5: Household profile, Longwarry and selected regions (2016)



Source: ABS (2016), Charter Keck Cramer

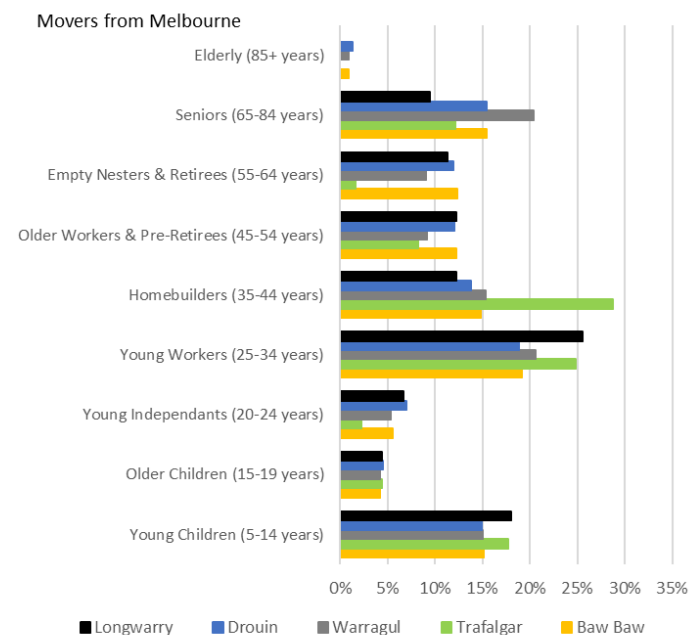
5.3. Migration from Melbourne

Movement of people out of Metropolitan Melbourne into all the selected regions is highest amongst the Young Workers (25-34 years old) and Young Children (5-14 years old) age cohorts. This reflects the relative affordability of the regions when compared to Metropolitan Melbourne.

This movement is most pronounced in Longwarry in the Young Workers (25%) and Young Children (17%) age groups. This highlights Longwarry's location to Melbourne and the more affordable price points compared to the larger towns of Drouin and Warragul.

An analysis of movers from Melbourne illustrates that a majority have come from the south-east of Melbourne. It is likely that they are priced out of the south-east greenfield markets (which is the most expensive greenfield market in Metropolitan Melbourne).

Figure 6a: Age profile of movers (2011 to 2016), Longwarry and selected regions



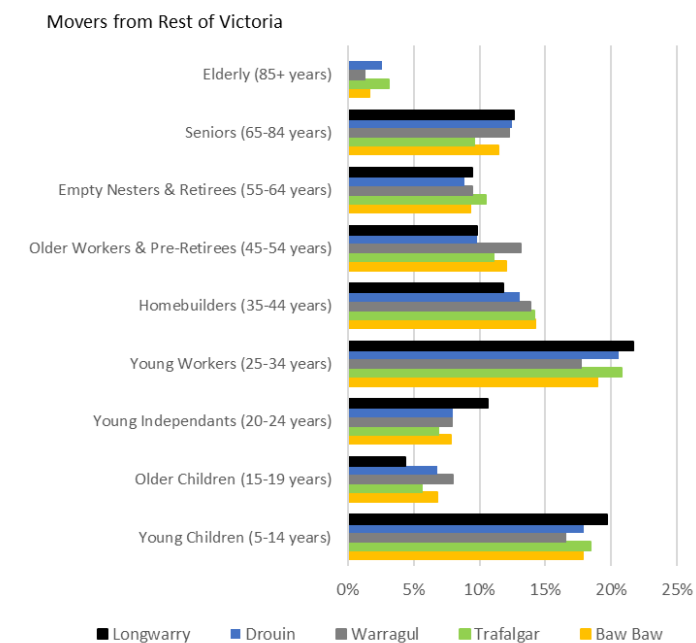
Source: ABS (2011 and 2016), Charter Keck Cramer

5.4. Intrastate Migration

Similar trends for the Rest of Victoria (when compared to Metropolitan Melbourne) are observed. Young Workers (25-34 yo) at 15.2% and Young Children (5-14 yo) have been the largest proportion of movers into Longwarry.

Longwarry offers a more affordable housing price-point and employment opportunities and closer access to Metropolitan Melbourne for various segments of the population.

Figure 6b: Age profile of movers (2011 to 2016), Longwarry and selected regions



Source: ABS (2011 and 2016), Charter Keck Cramer

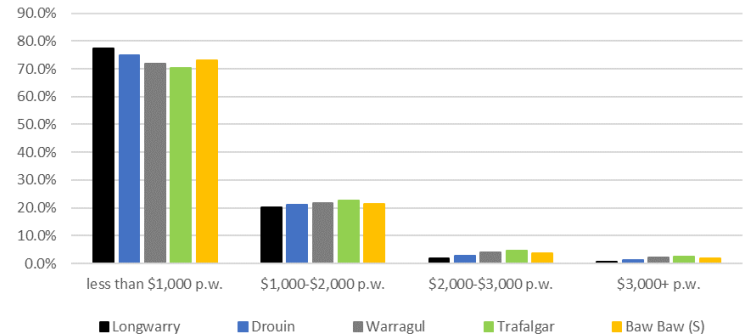
6. Economic Profile of Longwarry

This section summarises the economic profile of both the residents and workers who reside in Longwarry.

6.1. Incomes of Residents

Overall, the personal incomes of the residents who live in Longwarry are lower than those who live in the selected regions. Lower incomes mean lower purchasing power. More affordable housing is therefore attractive to lower income households.

Figure 7: Personal Incomes of residents, % of employed population, Longwarry and selected regions (2016)

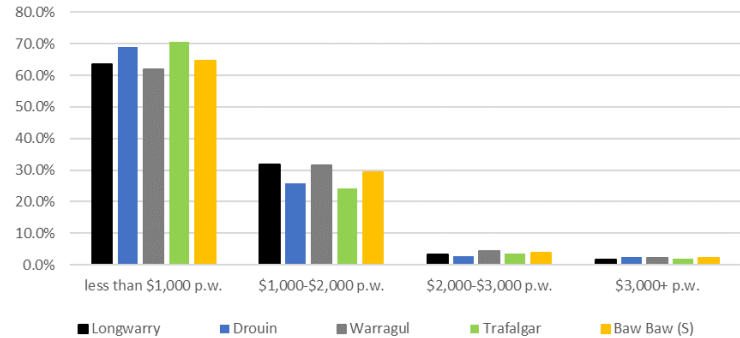


Source: ABS (2016), Charter Keck Cramer

6.2. Incomes of Workers

By way of comparison, the personal incomes of the workers in Longwarry are higher than those in Drouin and similar to those in Warragul. This suggests that the jobs in Longwarry are better paying than Drouin and similar to Warragul.

Figure 8: Personal Incomes of workers, % of employed population, Longwarry and selected regions (2016)



Source: ABS (2016), Charter Keck Cramer

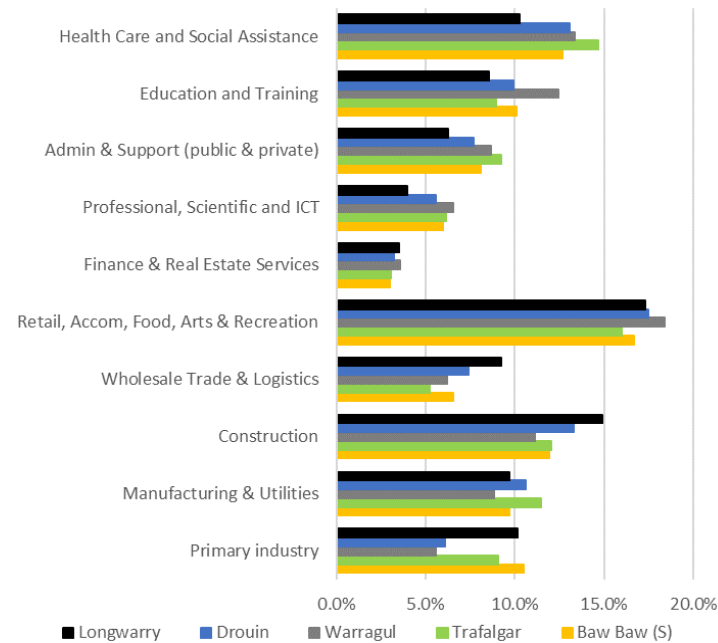
6.3. Industry of Employment (Residents)

The industries of employment with the greatest proportion of residents who live in Longwarry are in Retail, Accommodation, Food, Arts and Recreation (17.3%) and then Construction (14.9%).

The largest differences in industries of employment in Longwarry are in Construction, Wholesale Trade & Logistics and Primary Industry.

Residents in Longwarry are typically blue-collar workers. This is different from the larger towns such as Drouin or Warragul, which have higher proportions of white-collar industries.

Figure 9: Industry Sector employed, % of population, Longwarry and selected regions (2016)



Source: ABS (2016), Charter Keck Cramer

6.4. Industry of Employment (Workers)

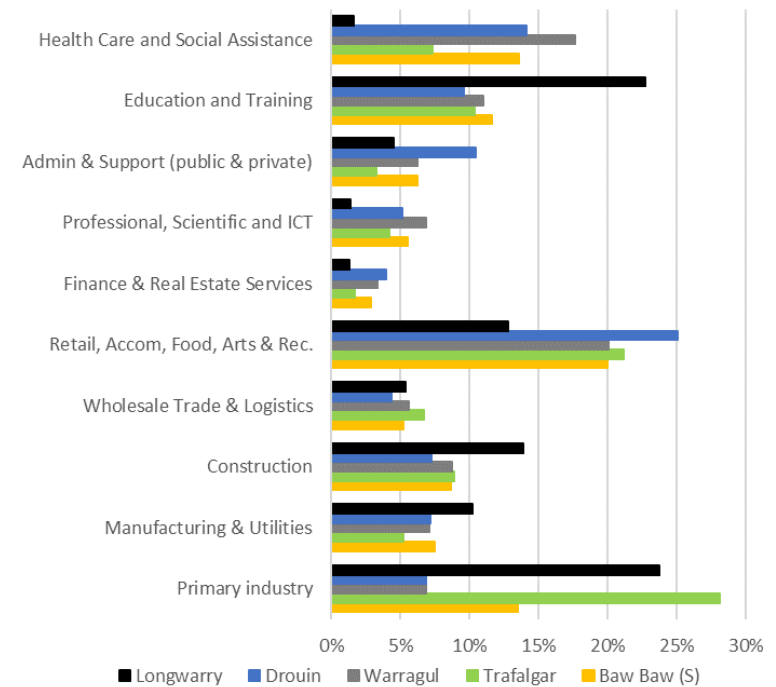
The industries of employment with the greatest proportion of workers who work in Longwarry are in Education & Training (22.7%) and Primary Industry (23.8%). This is due to the reliance on the local primary industries in Longwarry.

The largest differences in industries of employment in Longwarry, when compared to the selected regions, are in

Education & Training, Primary Industry, Construction and Manufacturing. There are also much lower proportions of workers in Retail, Accommodation, Food, Arts and Recreational jobs in Longwarry.

Based on the potential expansion of land to support farming and primary industry in Longwarry, the jobs of the future are likely to continue to be in these industries. Relevantly, these types of jobs are also less likely to be impacted by C—19 and the structural changes in working from home.

Figure 10: Industry Sector employed, % of population, Longwarry and selected regions (2016)



Source: ABS (2016), Charter Keck Cramer

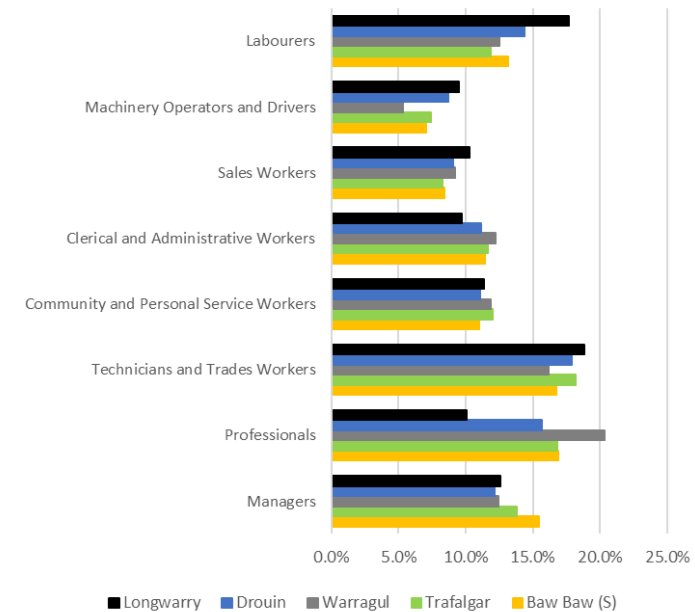
6.5. Industry of Occupation [Residents]

The industries of occupation with the greatest proportion of residents who live in Longwarry are in the Technicians and Trades Workers (18.8%) and Labourers (17.6%). These are blue-collar industries.

The largest difference between the selected regions is in the Technicians and Trades, Labourers, Machinery Operators and Drivers and Sales Workers industries.

Whilst not shown in the chart, the largest percentage of residents in Metropolitan Melbourne are in the Professionals category. The same applies for the larger towns of Warragul and to a lesser extent Drouin.

Figure 11: Occupation, % of employed population, Longwarry and selected regions (2016)



Source: ABS (2016), Charter Keck Cramer

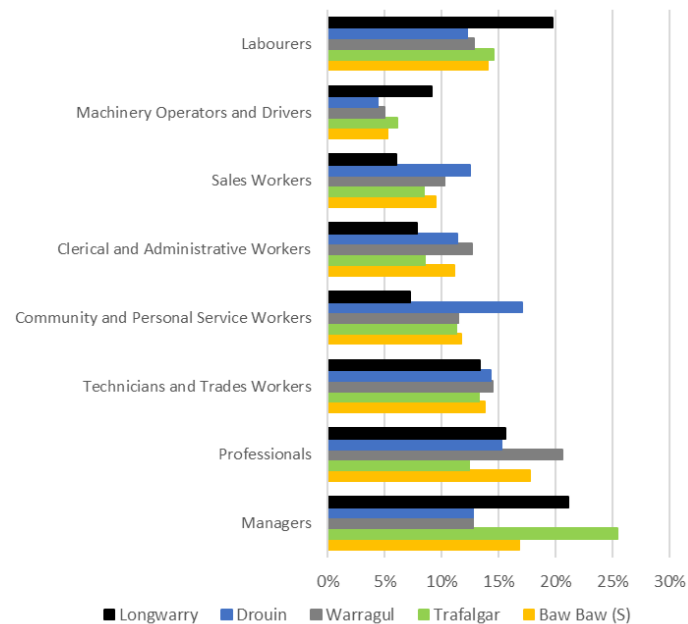
6.6. Industry of Occupation [Workers]

The industries of occupation with the greatest proportion of workers who work in Longwarry are in the Labourers (19.7%) and Managers (21.1%) industries. This again reflects the local primary industries in Longwarry.

When Longwarry is compared to the selected regions, there are also a higher than usual number of Machinery Operators & Drivers (9.1%), which again reflects local industry.

In summary, there is a strong industry base in Longwarry which could be expanded with the development of the land to the north of the township.

Figure 12: Occupation, % of employed population, Longwarry and selected regions [2016]



Source: ABS (2016), Charter Keck Cramer

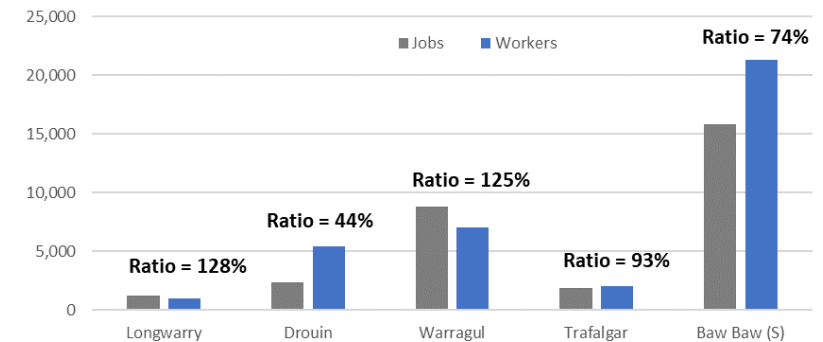
6.7. Job Containment

Job containment is defined as the total number of jobs to the total number of workers in a defined area. The higher this ratio the greater the levels of employment self-sufficiency in an area. This flows through into the fundamentals to support the local housing market and future growth of the location.

Longwarry (128%) has much higher job containment than Drouin (44%) and Warragul (125%) and is in fact the highest across the selected regions.

When this is considered in light of the potential expansion of the employment areas to the north of Longwarry there is a large opportunity to allow more employees to live and work locally in Longwarry. The job containment concept is explored further in the next chapter on inducing demand for housing.

Figure 13: Number of jobs to workers, Longwarry and selected [2016]



Source: ABS (2016), Charter Keck Cramer

6.8. Distribution of Workers

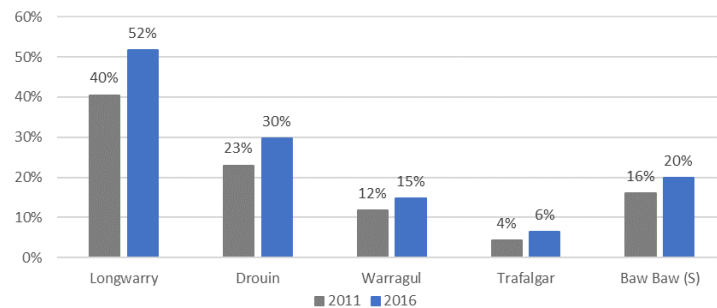
Distribution of workers looks at where the residents who live in Longwarry work in Victoria. This ties into housing as well as lifestyle decisions for the residents.

Longwarry has much higher levels of residents who live in Longwarry and work in Greater Melbourne than the selected regions (52% in 2016).

This is a reflection of the location and role of Longwarry as a housing market and its orbital link to Greater Melbourne.

Importantly, the distribution of workers in Longwarry has become much more pronounced over the last 5 years. A likely explanation is that house prices have increased in the south-east of Metropolitan Melbourne and greater numbers of residents have been priced out of these markets.

Figure 14: Distribution of workers with place of work in Greater Melbourne, Longwarry and selected regions [2011 and 2016]



Source: ABS (2011 and 2016), Charter Keck Cramer

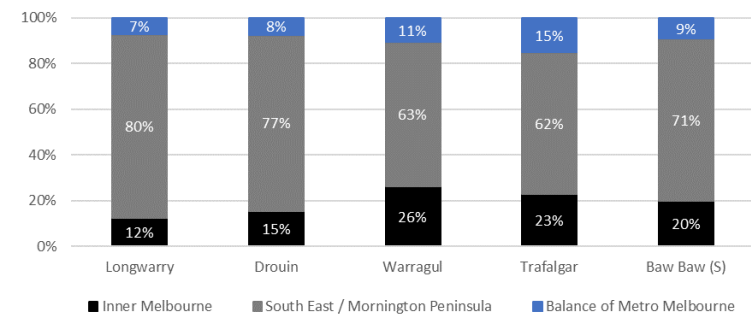
6.9. Travel to Work

Travel to work picks up on the concept of the distribution of workers (refer to the previous section) and explores where in Victoria the residents who live in Longwarry are travelling to work.

Of all the people who live in Longwarry and work in Metropolitan Melbourne, 80% of them work in the South-East / Mornington Peninsula. This is much higher than the selected regions and again confirms Longwarry's role as a housing market and its link to metropolitan Melbourne.

Interestingly, there are more residents who live in Drouin and Warragul that commute into Inner Melbourne than in Longwarry which shows the types of jobs those residents have (i.e. white-collar jobs). These townships are more likely to be impacted by C-19 and working from home given those jobs in inner Melbourne are office jobs.

Figure 15: Share of workers with place of work in Greater Melbourne, Longwarry and selected regions [2016]



Source: ABS (2016), Charter Keck Cramer

7. Property Market Dynamics

This section describes the property market dynamics of the township of Longwarry.

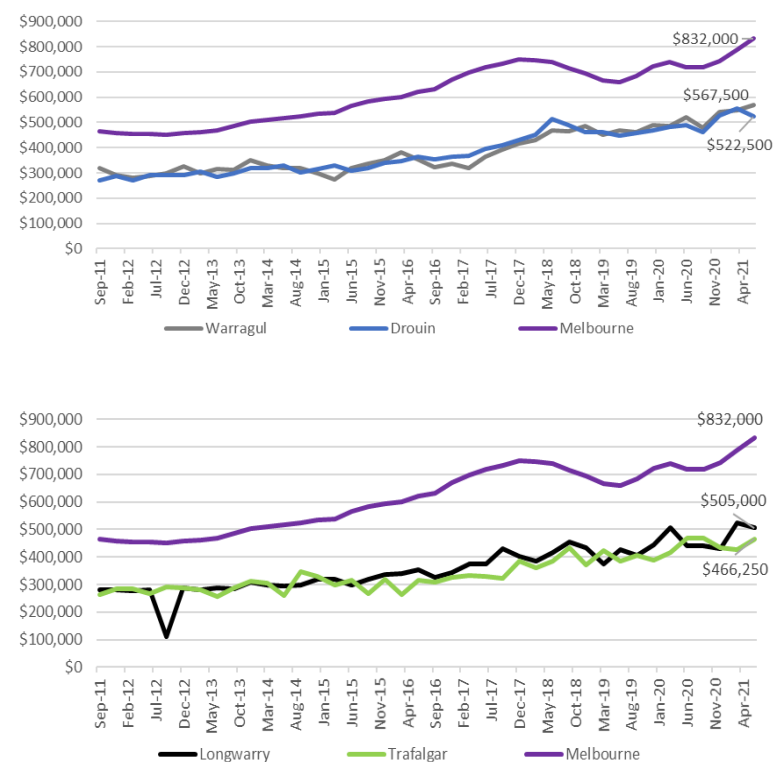
7.1. House Prices

The median house price in Longwarry was \$505,000 in June 2021 which was lower than Drouin (\$522,000) and Warragul (\$567,000) but higher than Trafalgar (\$466,000). The median house price in Longwarry is also around 61% of the Metropolitan Melbourne median (\$832,000) and shows the affordability component of this suburb.

The 5-year average annual growth in Longwarry house prices was +7.4% p.a. which was lower than all the selected regions (which ranged from +7.5% to 14% p.a.) but higher than Metropolitan Melbourne (+6%pa.). Compared to Metropolitan Melbourne, the outperformance of these suburbs shows the growing demand to reside in these areas as they mature.

It must be observed that there are a small number of sales in Longwarry and Trafalgar which will lead to greater volatility in some of the data.

Figure 16: Median house prices, Longwarry and selected regions [2011-2021]



Source: Pricerfinder (2021), UDIA (2021), ABS (2021), Charter Keck Cramer

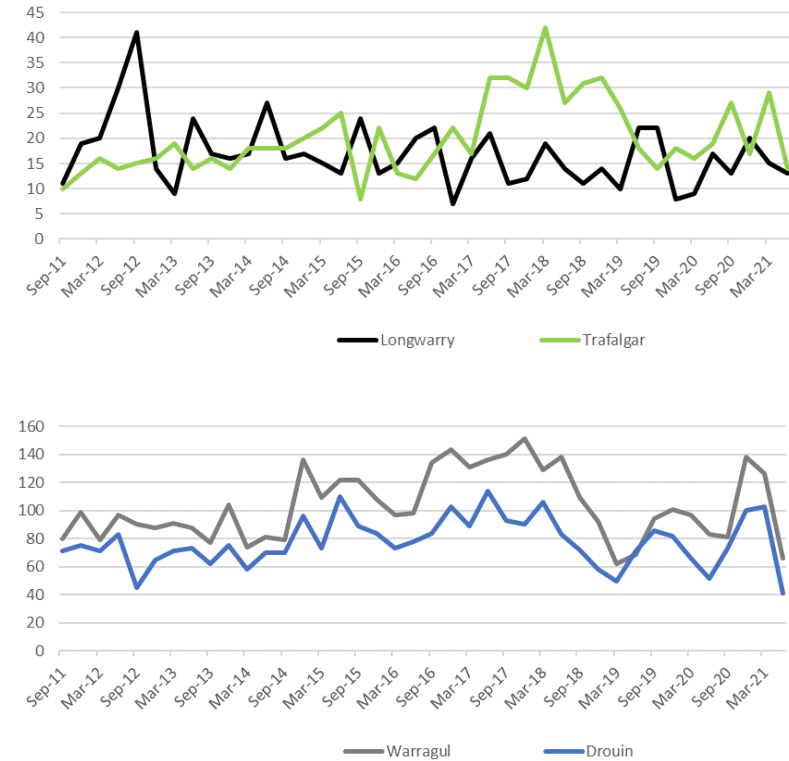
7.2. House Sales

Dwelling sales turnover can also indicate population growth if the area is changing demographically with larger households moving in to replace smaller households. New residents can be drawn to an area through affordable housing and land, and robust employment conditions and growth.

The average number of house sales in Longwarry over the last 5-years has been 63 sales p.a. which is lower than Trafalgar (98 p.a.), Warragul (463p.a) and Drouin (338p.a.). This is a function of the smaller housing market in Longwarry.

House sales in the last 12 months have been impacted positively via Government incentives and low interest rates as well as negatively impacted via the lockdowns and C-19. This is the reason for the volatility over this period across these markets.

Figure 17: House sales, Longwarry and selected regions [2011-2021]



Source: Pricfinder (2021), UDIA (2021), ABS (2021), Charter Keck Cramer

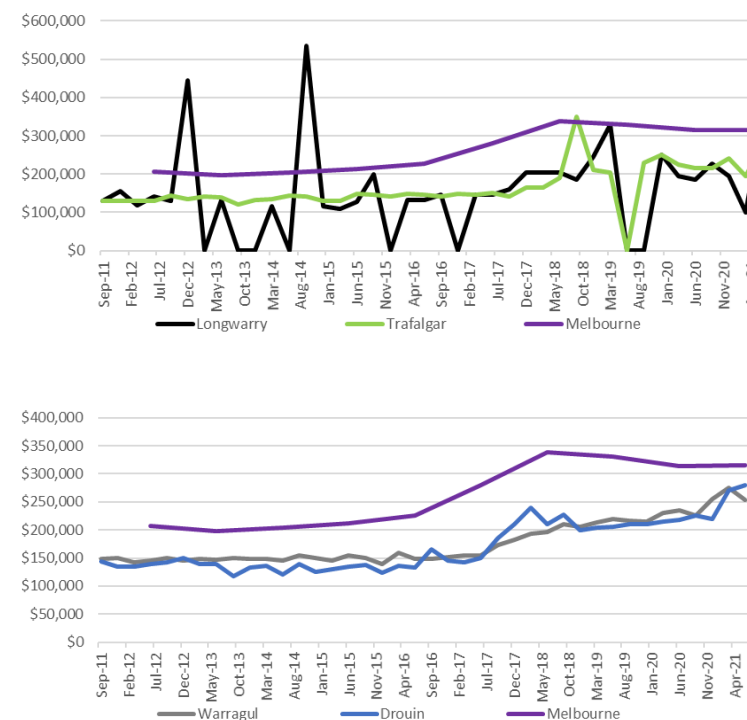
7.3. Land Prices

The median land price in Longwarry (over the last four quarters to June 2021*) was \$218,500 which was lower than Drouin (\$248,400) Warragul (\$252,400) and Trafalgar (\$232,000). The median land price in Longwarry is also around 69% of the Metropolitan Melbourne median (\$315,000) and shows the affordability component.

The 5-year average annual growth in Longwarry land prices was +10.7% p.a. This was lower than Drouin (+13.4%) and Warragul (+11.1%), but higher than Trafalgar (9.8%) and higher than Metropolitan Melbourne (+6.9%pa.). The outperformance of these towns compared to Metropolitan Melbourne highlights the growing demand for these areas.

** The last four quarters have been used because in Longwarry and Trafalgar there were less than 10 sales per quarter and so the results are too small to be meaningful. As a further guide, 500sqm blocks of land sold for approx. \$200,000 in Longwarry, \$220,000 in Warragul, \$210,000 in Drouin and \$190,000 in Trafalgar.*

Figure 18: Median land prices, Longwarry and selected regions [2011-2021]



Source: Pricefinder (2021), UDIA (2021), ABS (2021), Charter Keck Cramer

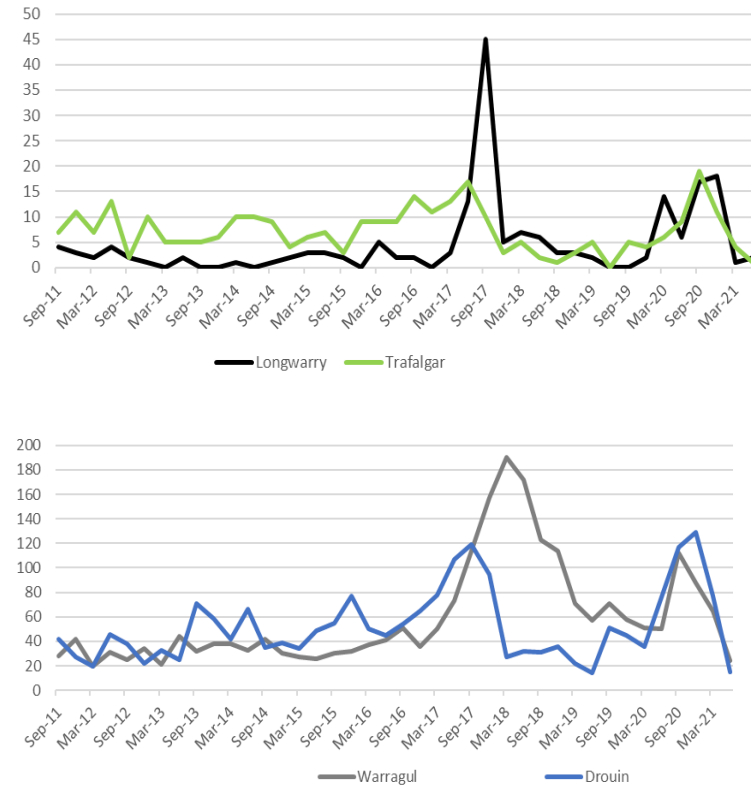
7.4. Land Sales

The average number of land sales in Longwarry over the last 5-years has been 30 sales p.a. which is the same as Trafalgar (30 p.a.), but lower than the much larger towns of Warragul (353 p.a.) and Drouin (254p.a.). This is a function of the smaller housing market in Longwarry.

Land sales in the last 12 months have been impacted positively via Government incentives and low interest rates as well as negatively impacted via the lockdowns and C-19 and this is the reason for the volatility over this period.

Furthermore, there has not been a large amount of land released (or available to be released) in Longwarry, which is also an explanation for the low volume of sales (rather than an absence of demand).

Figure 19: Land sales, Longwarry and selected regions [2011-2021]



Source: Pricefinder (2021), ABS (2021), UDIA (2021) Charter Keck Cramer

8. Inducing Demand

Evidence from across Australia's growth corridors supports the notion that the release of additional land supply can induce demand, especially if the new supply has a point of difference to existing supply (i.e. diverse type of product or price point).

This also needs to be supported by property market fundamentals (i.e. employment, land values, transport and infrastructure). The key factors that will determine the impact of additional greenfield land supply are set out in figure 20.

Figure 20: Factors to Induce Demand



Source: Charter Keck Cramer

It is observed that the expansion of the employment zones in Longwarry will potentially create more jobs in the township. This will support purchasing power and demand for housing. Furthermore, the necessary property market fundamentals exist in Longwarry, and new and diverse housing can be feasibly delivered.

In progressing its strategic plan for Longwarry, Council needs to determine the role of the township and the extent to which it seeks to induce demand.

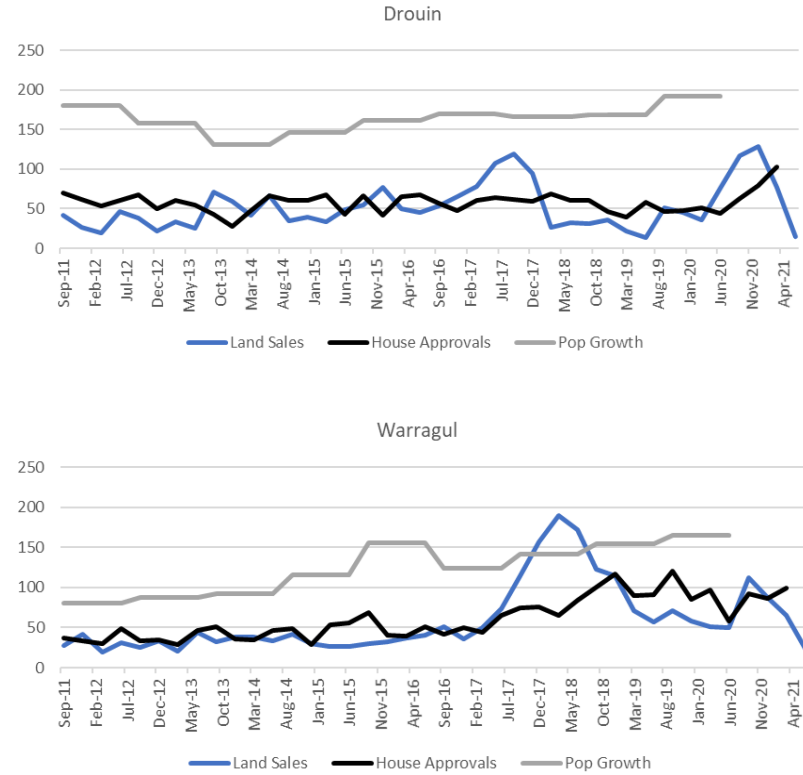
To understand how housing markets in the Shire of Baw Baw are functioning, it is worthwhile to compare land sales to house approvals and population growth.

There is typically a lag between land sales and new house approvals and population growth. The initial land sale needs to be titled and settled before construction can take place and households cannot move in until the dwelling is completed.

This data is not available for Longwarry (Longwarry is incorporated into the geography of Drouin) for this exercise. The towns of Drouin and Warragul are compared in Figure 21 below.

The charts show that new land sales in the previous year are only starting to translate into high levels of new housing activity. Population growth is therefore expected to follow upon completion of these dwellings in the next 12-18 months.

Figure 21: Lots by dwellings by persons, Longwarry and selected regions [2011-2021]



Source: Pricefinder (2021), ABS (2021), UDIA (2021) Charter Keck Cramer

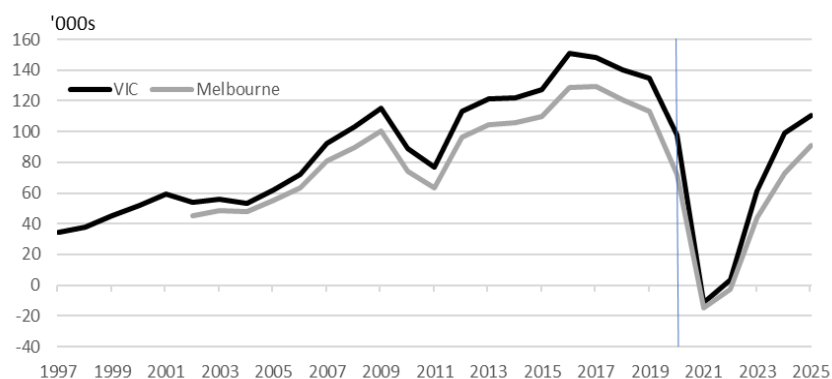
9. Impact of C-19

This section discusses the potential impact of Covid-19 on the outlook for the Longwarry housing market and population growth.

9.1. Demand Side Shock

There has been a substantial demand-side shock to the population in both Metropolitan Melbourne and Victoria. International borders are closed until at least mid-2022 at the earliest with population growth forecast to return thereafter (fig 23).

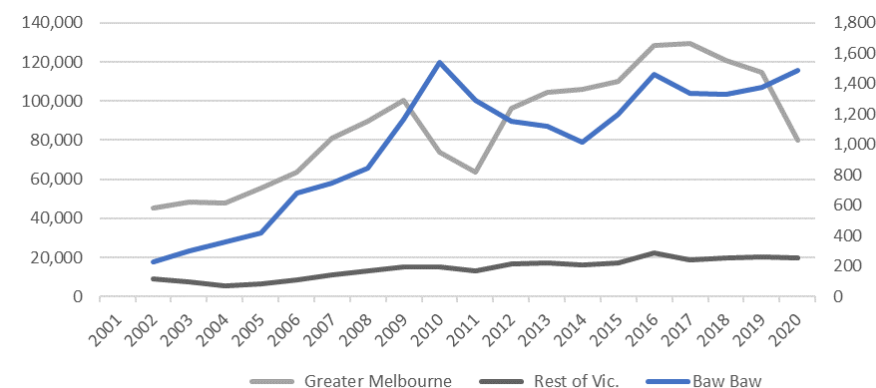
Figure 23: Population Forecast [Victoria & Greater Melbourne] [1997-2025]



Source: ABS (2021), Charter Keck Cramer

It is critical to understand that different markets will be impacted by C-19 in different ways. Inner Melbourne and the CBD will be impacted the most due to the loss of international students. By way of contrast there has been an exodus of population to the regions. This has occurred in the Shire of Baw Baw (Figure 24). This increase in population will drive demand for additional dwellings.

Figure 24: Population Growth [2001-2020]



Source: ABS (2021), Charter Keck Cramer

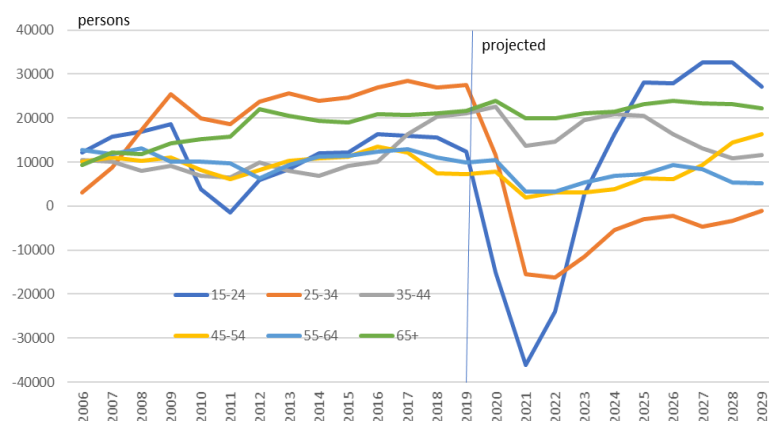
The impact of C-19 on different age groups is also important to understand (fig 25). This is because different age groups drive the demand for different forms of dwellings.

The 15-24 and 25-34 year old age groups, which includes international students and younger migrants, will be impacted the most by C-19 and the closure of international borders.

By way of contrast, the 35-44 year old age group will be less impacted by C-19. This age group are the Millennials who are now moving into the household formation stages of life. They typically have more secure and higher paying jobs and are looking to purchase dwellings to start families.

Charter observes that the 35-44 year old age cohort is a key source of in-migration into the regions, including Longwarry, as many have been priced out of Metropolitan Melbourne and are making lifestyle decisions to own a home further away from the CBD.

Figure 25: Population Forecast Change by Age Cohort [Victoria] [2006-2029]



Source: ABS (2021), Charter Keck Cramer

9.2. Housing Market Impacts

As a result of C-19, there are short and long-term impacts that will impact the housing market, in Longwarry and Victoria as a whole. These impacts have been factored into the forecasting in the following section.

In the short term, the dramatic fall in net overseas migration is expected to have less impact in Longwarry where only 19% of the population is born overseas compared to 36% for metropolitan Melbourne. The relatively diverse employment base in Longwarry should also help support the local economy during this time.

In the longer term, structurally lower population growth may persist due to net overseas migration flows remaining below the high levels that have been achieved over the last decade or so. A reduced level of confidence in the security of employment may result in home purchasers looking to take on less debt and therefore seek more affordable locations to live in.

The increase in working from home has made employers and employees aware that remote working can work while remaining productive. This may encourage more people to live in peri-urban locations such as Longwarry, where people can work from home full time or part time during the week while still commuting to work on some days.

The health issues of living within denser city locations have been highlighted and this may result in more people looking to live in less dense peri-urban towns that still offer access to the services of major metropolitan cities.

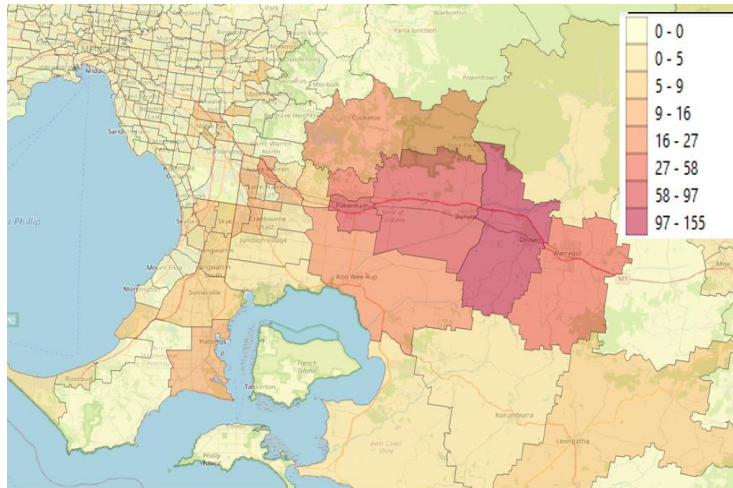
10. Population Forecasts

This section provides Charter's population forecasts for the township of Longwarry.

As described previously, population growth in Longwarry is largely driven by new residents moving into the locality. It is estimated that over one third of residents have moved into the locality between the 2011 and 2021 Census periods.

Residents have mostly originated from along the highway/railway corridor, coming from the immediate surrounds (Drouin and Warragul SA2s), adjoining localities, and south-east Melbourne and Mornington Peninsula. Population growth in Longwarry is expected to be reflective of population growth in these localities.

Figure 26: Origin of Residents into Drouin/Longwarry [2011-2016]



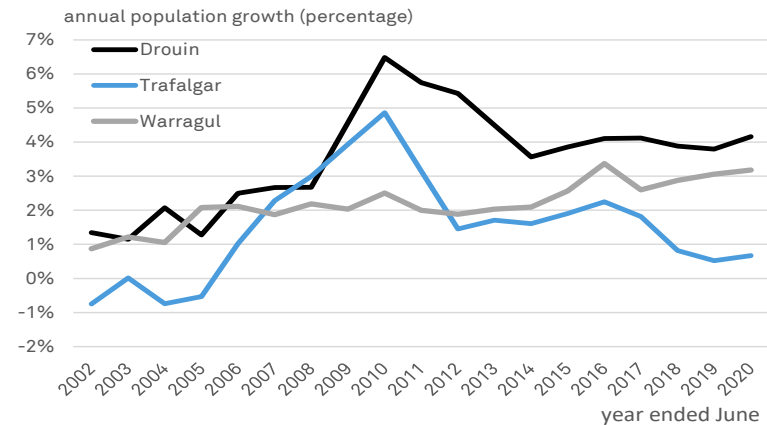
Source: ABS (2011 and 2016), Charter Keck Cramer

10.1. Regional Population Growth

The main peri urban towns in Baw Baw Shire have experienced strong population growth in the past decade. Drouin SA2 (in which Longwarry is located) has averaged population growth of +4.3% per annum in this time. Warragul SA2 has averaged growth of +2.6% per annum but has averaged +3.0% per annum in the past five years.

Population analysis of Trafalgar SA2 is instructive for Longwarry, with the rate of growth peaking at +5% per annum in 2010 as major new subdivisions became available. Population growth slowed to +1.5%-2.0% per annum over 2012-2017 as remnant land stock and smaller subdivisions were developed. There is limited new land now being developed and population growth has fallen to below +1% per annum in the past two years.

Figure 27: Annual Population growth by SA2 [2002-2020]



Source: ABS (2021), Charter Keck Cramer

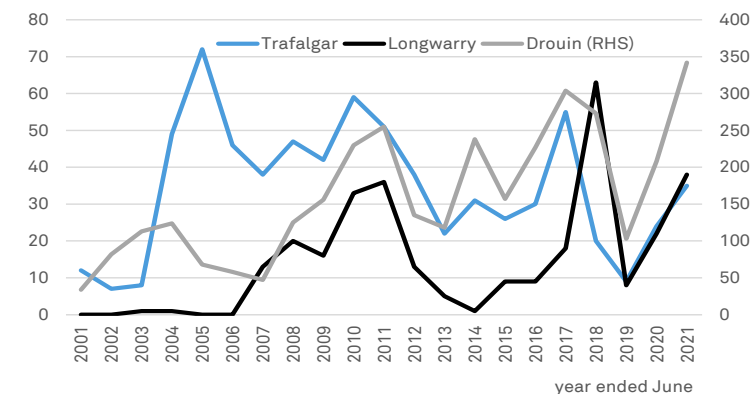
10.2. Lot Sales/Housing Demand

Broadly speaking, land sales in Longwarry have moved with the cycle of neighbouring Drouin, peaking in 2011 and 2021. However, Longwarry missed Drouin's sales peak in 2014, with almost zero sales taking place that year, while its 2018 peak lagged the upturn experienced in Drouin. This also suggests constraints on land supply, with sales in Longwarry dependent on the timing of its few development fronts and limited number of landholders relative to Drouin where land is more freely available to meet market demand.

Land sales over 2007 to 2021 have averaged around 20 lots per annum, although have peaked as high as 63 lots in 2017/18, suggesting latent demand.

As highlighted earlier, Longwarry represents an affordable option for family-sized homes in the region. Charter's view is that it would not be unreasonable for land/housing demand to average a sustainable level of at least 30 lots per annum over the long term. This is also consistent with average annual sales over the last 5 years. However, any upgrade to the current amenity of the Town Centre and additional employment land is likely to provide further upside to demand, potentially closer to 40 lots per annum.

Figure 28: Annual lot sales by region (2001-2021)



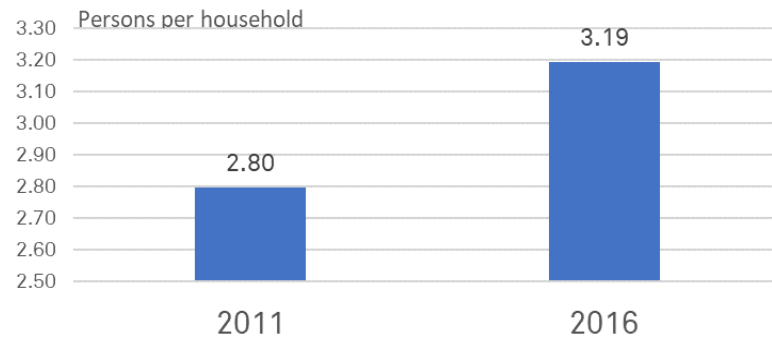
Source: Pricefinder (2021), Charter Keck Cramer

10.3. Household Size

The average household size in Longwarry increased from 2.8 persons per household in 2011 to 3.19 persons per household in 2016.

Slight differences to the ABS-defined boundaries for Longwarry between 2011 and 2016, prevent a precise calculation being made, although based on the level of dwelling and population growth, the average household size of new arrivals into Longwarry is in the order of four persons per household.

Figure 29: Average household size, Longwarry (2011 and 2016)



Source: ABS (2011 and 2016), Charter Keck Cramer

10.4. Population Forecasts for Longwarry

Charter has prepared three population-based scenarios:

Low: Annual take up of 20 lots/dwellings per annum in line with the long term (constrained) average.

Medium: Annual take up of 30 lots/dwellings per annum expected to be sustainable over the long term in an unconstrained environment.

High: Annual take up of 30 lots/dwellings per annum over 2021 to 2026 and then 40 lots/dwellings per annum, which allows for the evolution of the Town Centre and addition of employment land that is expected to add to demand.

An average household size of 3.5 persons per new dwelling is assumed, which is a little below the 4 persons per additional dwelling evident between the 2011 and 2016 Censuses.

Figure 30: Population Growth Scenarios, Longwarry

Year	Low Scenario		Medium Scenario		High Scenario	
	Pop.	incr.	Pop.	incr.	Pop.	incr.
2016	2,545		2,545		2,545	
2019est*	2,771	226	2,771	226	2,771	226
Forecast						
2021	2,911	140	2,981	210	2,981	210
2026	3,261	350	3,506	525	3,506	525
2031	3,611	350	4,031	525	4,206	700
2036	3,961	350	4,556	525	4,906	700
2041	4,311	350	5,081	525	5,606	700
Long Term						
Total growth (2019-41)		1,540		2,310		2,835
Average % growth		2.0%		2.8%		3.3%

Source: Charter Keck Cramer

* estimate at 2019 based on 2016 base and Baw Baw population increments

Longwarry's population over 2019-2041 is expected to increase by 1,540 in the low scenario, up to 2,835 in the high scenario, or from an average of 2.0% per annum in the low scenario to 3.3% in the high scenario. Total population would range from 4,311 in 2041 in the low scenario to 5,606 in the high scenario.

Notably, the rate and magnitude of population growth will be dependent on land availability. Current capacity for development to 2041 falls well below all forecast scenarios. If new capacity is not created, then population growth to 2041 will fall even below the lowest growth scenario.

10.5. Development Capacity – Land Supply

Development capacity in Longwarry has been previously identified as follows:

10.5.1. Council Lot Capacity

Remaining lot capacity in Longwarry has been estimated by Council at 207 dwellings in 2021.

Council identifies 11.2 ha in existing sites that can be subdivided. Current subdivisions are averaging around 10-14 lots per hectare. Based on an average 12 lots per ha, capacity equals 134 lots. A further 20.1 ha exists in 'future residential' set behind Princes Ave and Drouin Rd at the north of the township. This equates to 241 lots.

Total capacity based on this analysis (which also assumes a higher lot density) is approximately 375 lots (i.e. $134 + 241 = 375$ lots).

10.5.2. Forecast id

Forecast id has identified capacity of 591 lots at 2016, consisting of:

- 149 dwellings at Stockmans Wood Estate;
- 142 dwellings at Drouin Road GRZ land;
- 92 dwellings in 'Future Rural Living; and
- 168 dwellings at Longwarry North Future Urban

There have been 149 lot sales in Longwarry recorded since 2016, suggesting remaining capacity is in the order of 442 lots in 2021 (i.e. $591 - 149 = 442$ lots).

10.6. Forecast Land Requirement

Based on an estimated existing capacity of 375 lots, the following scenarios have been prepared,

- Take-up of land of around 20 lots per annum (low scenario), capacity will be exhausted in 19 years.
- A take-up estimate of land of around 30 lots per annum (medium scenario), capacity will be exhausted in 13 years.
- Take up of land of around 40 lots per annum (high scenario), capacity will be exhausted in 9 years.

As land holdings are mostly fragmented, the timing of development to meet the market will also be a challenge. The rate of development will also progressively slow as available land supply diminishes.

Based on an existing capacity of 375 lots, to ensure that adequate supply is provided to accommodate forecast growth, Council will need to make available a further:

- 225 lots that can potentially be developed by 2041 in the low scenario.
- 525 lots that can potentially be developed by 2041 in the medium scenario.
- 775 lots that can potentially be developed by 2041 in the high scenario.

A conservative approach would be to adopt the assumptions for the high scenario. It should also be noted that if the lower capacity estimate provided by Council is adopted (207 lots), then additional lot capacity would need to be increased by a further 168 lots.

11. Conclusion

Supported by a range of broader demand drivers and property market fundamentals, Longwarry can expect to experience continued residential growth to 2041. As expressed in the scenarios outlined, the population of Longwarry is forecast to grow at a rate of between 2% to 3.3% over this time. This will result in demand for between 20 to 40 lots per annum (subject to land being made available).

The extent to which Longwarry supports future residential growth is in part a question for the Shire of Baw Baw having regard for its Local Planning Policy Framework.

Actively supporting future growth will likely align with a variety of existing policy objectives including growth directions expressed in CI 21.03 Settlement of the Baw Baw Planning Scheme, which promotes a medium level of growth for Longwarry. In supporting residential growth, the objectives of providing a strong local service function and supporting economic development, will also be enhanced.

To enable the residential growth that is forecast for Longwarry, Council needs to consider a number of factors to ensure that this can be achieved. For example, the ability to generate demand for residential lots is typically dependent upon a project's attributes in particular the type of product offered and its price relative to competing projects.

Drawing on evidence from across Australia's growth areas, the release of land for residential purposes has proven to be an effective means by which to induce demand. In general, this is reliant on having competing development fronts/projects, in which a small number of developers control the majority of land. Areas of highly fragmented land ownership generally

acts as a significant impediment to the realisation of growth planning objectives. While the development of fragmented land for urban development can and does occur, it generally does so far more slowly, due to higher costs associated with low economies of scale and often with poorer planning and urban design outcomes, than what would occur where there is only one or a small number of (co-operative) landowners responsible for its delivery.

The onset of COVID-19 and its impact on population movement, the town's connection to metropolitan Melbourne, Warragul and Drouin, its robust local economy together with its affordable housing options, will continue to make Longwarry an attractive location of choice into the future.

In the first instance, the extent to which this occurs will rely on Council settling its strategic direction for the township. Considering its current objectives, as expressed in the Local Planning Policy Framework, together with the evolving demand drivers, the medium growth scenario is considered to represent a balanced approach to managing Longwarry moving forward.