



Authorship

Report stage	Author	Date	Review	Date
Draft report	Alex Wilson Zack Heap	28 February 2022	Chris McNeill	2 March 2022
Final draft report	Alex Wilson	18 April 2022	Chris McNeill	21 April 2022
Final report			Chris McNeill	9 May 2022

Disclaimer

Every effort has been made to ensure the accuracy of the material and the integrity of the analysis presented in this report. However, Ethos Urban Pty Ltd accepts no liability for any actions on the basis of report contents.

Contact details

For further details please contact Ethos Urban Pty Ltd at one of our offices:

Ethos Urban Pty Ltd	ABN 13 615 087 931	
Level 8, 30 Collins Street Melbourne VIC 3000 (03) 9419 7226	173 Sussex Street Sydney NSW 2000 (02) 9956 6962	Level 4, 215 Adelaide Street Brisbane QLD 4000 (07) 3852 1822

www.ethosurban.com

Our Reference: 3210426

Contents

Introduction	1
1 Location, Planning Context and Proposed Development	2
1.1 Regional Context	2
1.2 Proposed Development	3
1.3 Strategic Planning Context	1
1.4 Study Area	3
2 Residential Land Supply Analysis	4
2.1 Methodology	4
2.2 Current Residential Supply	4
3 Residential Demand Analysis	7
3.1 Regional Victorian Housing Market Trends	7
3.2 Population and Dwelling Growth Trends and Forecasts	9
3.3 Recent Sales and Price Trends	10
3.4 Recent Residential Building Approvals Trends	12
3.5 Summary	13
4 Development would alter the Dimboola Residential Market	14
4.1 Dimboola is Well Positioned for Additional Growth	14
4.2 Existing Residential Land provides little incentive for New Residents seeking Lifestyle	14
4.3 Market Feedback suggests support for Proposed Development	17
4.4 Regional Lifestyle Lot Sales Trends	17
4.5 A New Residential Estate Will Offer Something Not Seen Before In Dimboola	19
4.6 The Potential for a Supply-Lead Demand Scenario	19
5 Economic Benefits associated with the Proposed Development	20
5.1 Local Direct Investment	20
5.2 Construction Related Employment	20
5.3 Additional Retail Expenditure	20
5.4 Increased Presence of Younger Residents	21
6 Key Findings and Conclusions	22

Introduction

Background

Mr Ross Johns (the landowner) controls a 67-hectare parcel of land at 30 Nursery Road, Dimboola (the Subject Land) which is located in Hindmarsh Shire.

The Subject Land is situated directly south of the existing urban area, adjacent to existing residential properties. The property is presently in the Rural Living Zone and has a direct frontage to the Wimmera River of approximately 2 kilometres.

The landowner proposes a rezoning of the site to facilitate a more intensive residential development outcome. It is understood the proposed development concept comprising 135 lots with a focus on rural-residential lots.

It is understood that Council has noted that a development of this scale will result in a significant increase in the town's population and has therefore requested that an economic report be undertaken that considers the economic need for the development and the economic benefits accruing as a result of the development.

This Report

This report contains the following chapters:

Chapter 1: Locational, Planning Context and Proposed Development

Chapter 2: Residential Land Supply Analysis

Chapter 3: Residential Demand Assessment

Chapter 4: Why the Proposed Development Concept is likely to alter the Dimboola Residential Market

Chapter 5: Economic Benefits associated with the Proposed Development

Chapter 6: Conclusions

1 Location, Planning Context and Proposed Development

This Chapter provides an overview of the Subject Land, its regional location, strategic planning context and the proposed development concept.

1.1 Regional Context

Dimboola is the second largest township in Hindmarsh Shire, after Nhill. The township is located approximately 300km (a 4-hour drive) north-west of Melbourne and contains approximately 1,390 residents. The town is situated just off the Western Highway, the principal road route between Melbourne and Adelaide (390km or approximately a 4-hour drive from Adelaide). Additionally, the main rail line between Melbourne and Adelaide (and Perth) and passes through Dimboola.

The town structure of Dimboola is typical of many regional towns of its size a main retail and commercial street surrounded by conventional density housing.

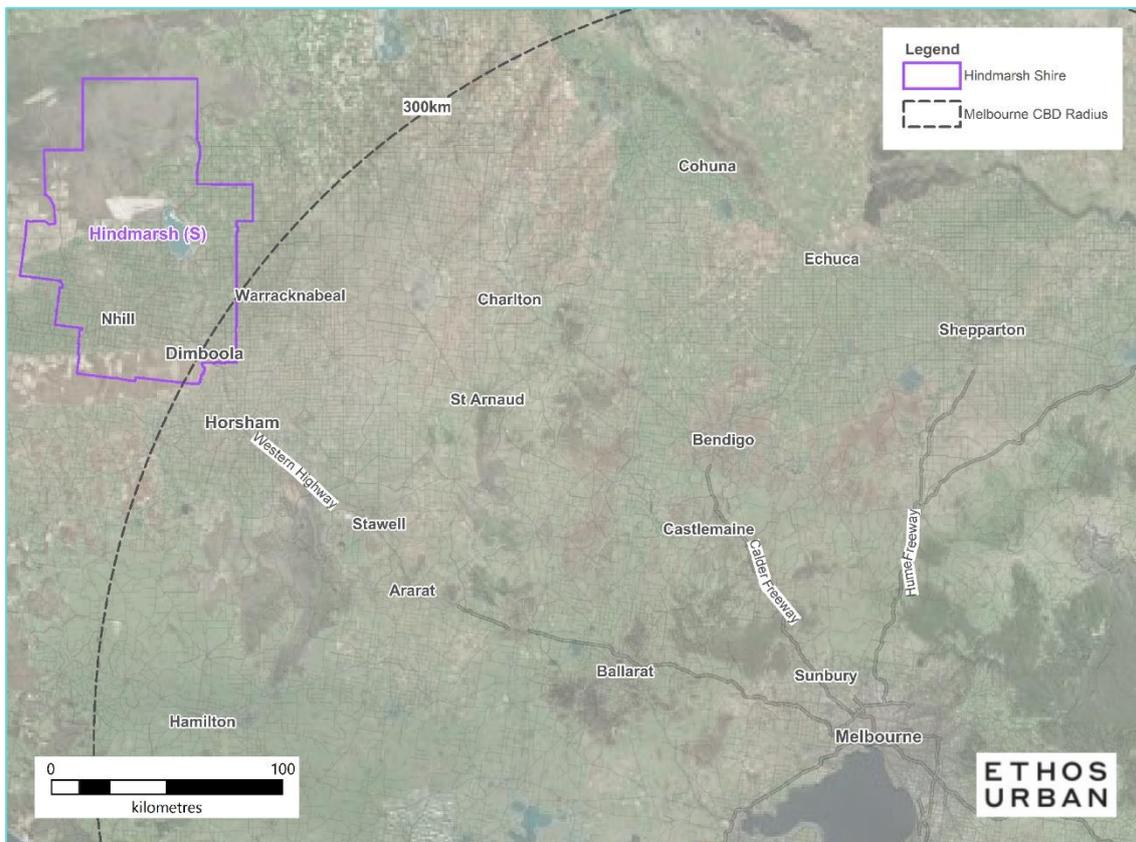
Horsham, which is also located on the Western Highway, is situated 36km (approximately 25-minute drive) southeast of Dimboola and is the principal retail and commercial hub for the broader region. Nhill, which is the administrative centre of Hindmarsh Shire is located 38km northwest of Dimboola and is also on the Western Highway.

Other key townships in Hindmarsh Shire include Rainbow and Jeparit which act as smaller service centres for the northern part of the municipality. The Shire's four main townships accommodate large grain storage and transport hubs.

Key characteristics of the Shire include the presence of the Wimmera River flowing through Dimboola up to Lake Hindmarsh near Jeparit, and the Little Desert National Park, which effectively abuts the town of Dimboola.

The regional context is highlighted in Figure 1.1.

Figure 1.1: Regional Context



Source: MapInfo; Bingmaps; Ethos Urban

1.2 Proposed Development

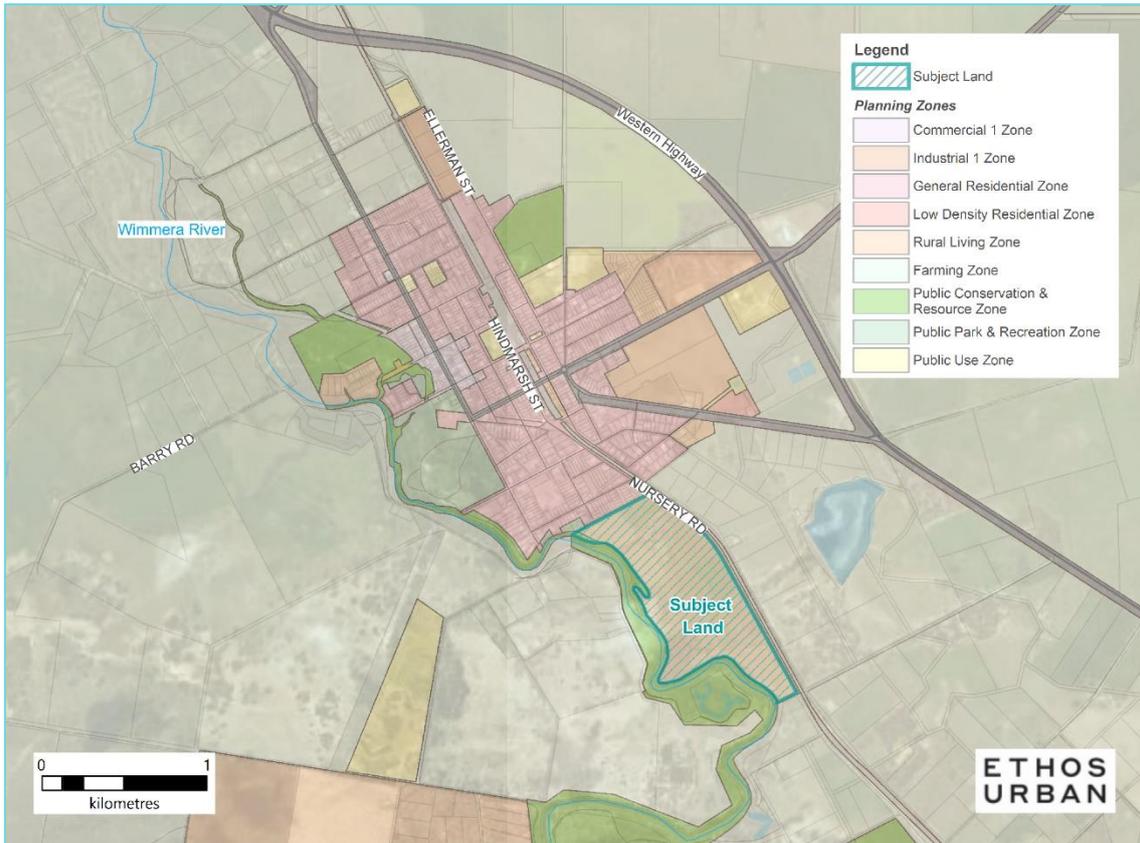
The landowner seeks a rezoning of the Subject Land, mainly from the RLZ to the LDRZ, to facilitate a high-quality development of 135 residential lots, comprising:

- 13 lots fronting Burnside Lane East in the General Residential Zone
- 5 lots fronting the river in the General Residential Zone
- 96 lots in the Low Density Residential Zone of between 2,000m² and 6,000m²
- 20 lots in the Low Density Residential Zone greater than 6,000m²
- 1 lot at the southern end of the property in the Rural Living Zone.

The proposed development concept represents a unique property offering in Dimboola and a distinct departure from the established urban area. The proposed concept, which is designed to take advantage of its proximity to the Wimmera River provides lifestyle housing opportunities in a planned environment with access to quality natural attributes.

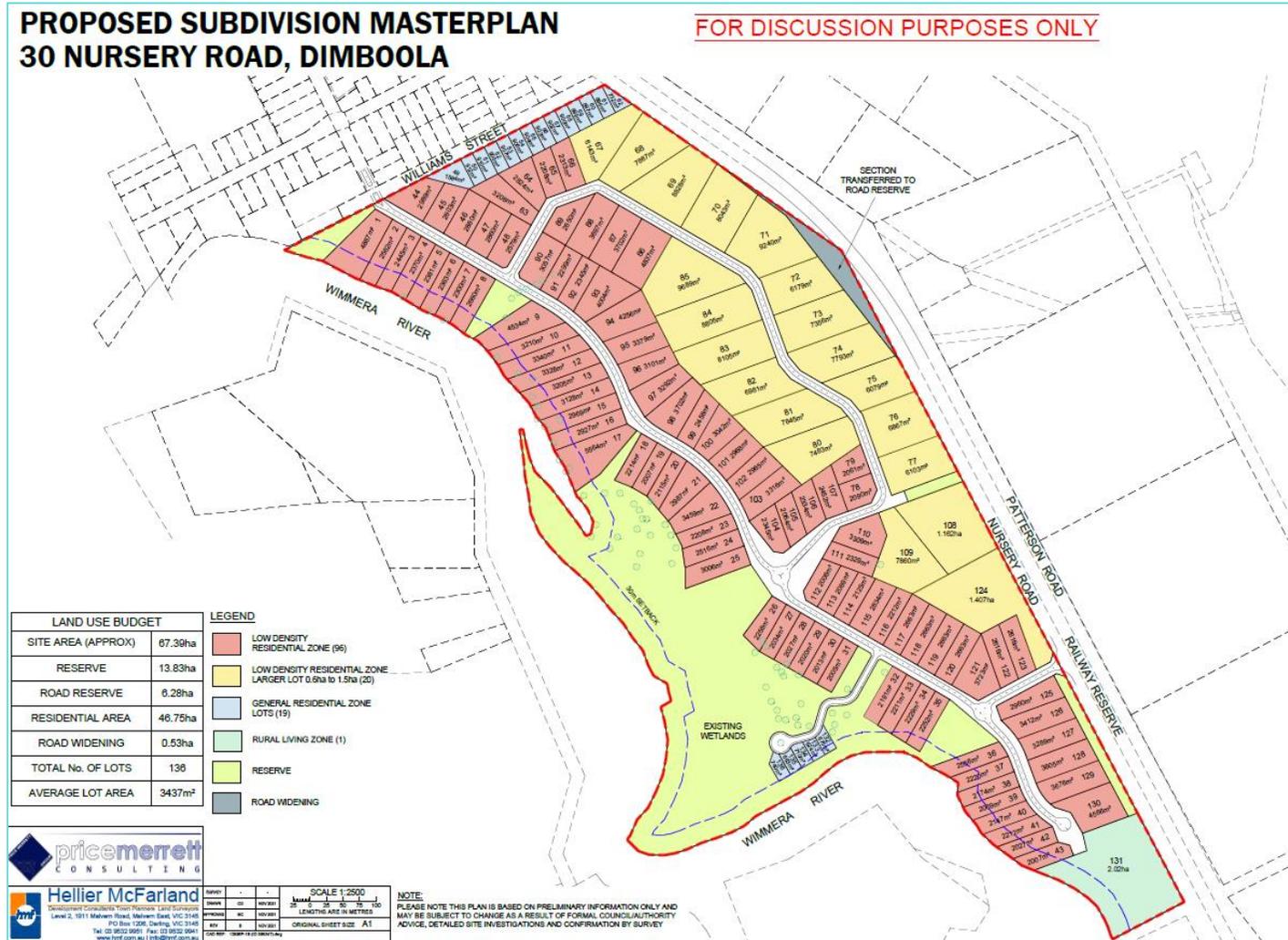
The proposed development would also represent a direct extension of the established township area with no additional land requiring rezoning beyond the current settlement boundary. Further, the development provides a distant point of differentiation to the current housing supply.

Figure 1.2: Subject Land and Surrounding Environs



Source: Ethos Urban

Figure 1.3: Proposed Development



Source: Ethos Urban

1.3 Strategic Planning Context

An overview of those elements of strategic planning policy relevant to economic matters is provided below.

State Policy

Clause 11.02-1S of the Victorian Planning Policy includes, under “Strategies”, the need to:

“Plan to accommodate projected population growth over at least a 15-year period and provide clear direction on locations where growth should occur. Residential land supply will be considered on a municipal basis, rather than a town-by-town basis”.

State Policy refers to the consideration of land supply at a municipal level. There is some degree of ambiguity as to how to interpret the adequacy of land supply at a local level against the needs of the municipality. The need for discrete assessments on a more localised basis is particularly relevant in many regional and rural areas where the particulars of demand and supply may vary significantly between urban areas and within the municipality. In many instances, an economic assessment is undertaken for a particular township rather than at a municipal level. Such an approach provides a more defined or specific assessment of land supply and demand that contributes to sound planning at the township level.

As Dimboola is one of Hindmarsh Shire’s key urban areas it is important to ensure there is sufficient residential land supply in the township for a mixture of housing typologies including rural residential allotments. Importantly, it is important that land supply be realisable.

Clause 16.01 of the State Planning Policy Framework relates to Housing Supply and the objective “to facilitate well-located, integrated and diverse housing that meets community needs”. The provision of LDRZ land, in combination with a range of other residential zones, performs an important role in supporting housing diversity.

Local Policy

Strategic directions relevant to Dimboola are outlined in Clause 2.03 of the Hindmarsh Planning Scheme and include:

- Promote and enhance the role of Dimboola as a key service and tourist centre in the Shire.
- Promote the strong sense of identity that the small towns provide to the local community.
- Provide a range of housing and accommodation options to suit the various and changing needs of the Shire’s residents and visitors.
- Provide residential aged care and special care accommodation facilities at Nhill, Dimboola, Rainbow and Jeparit.

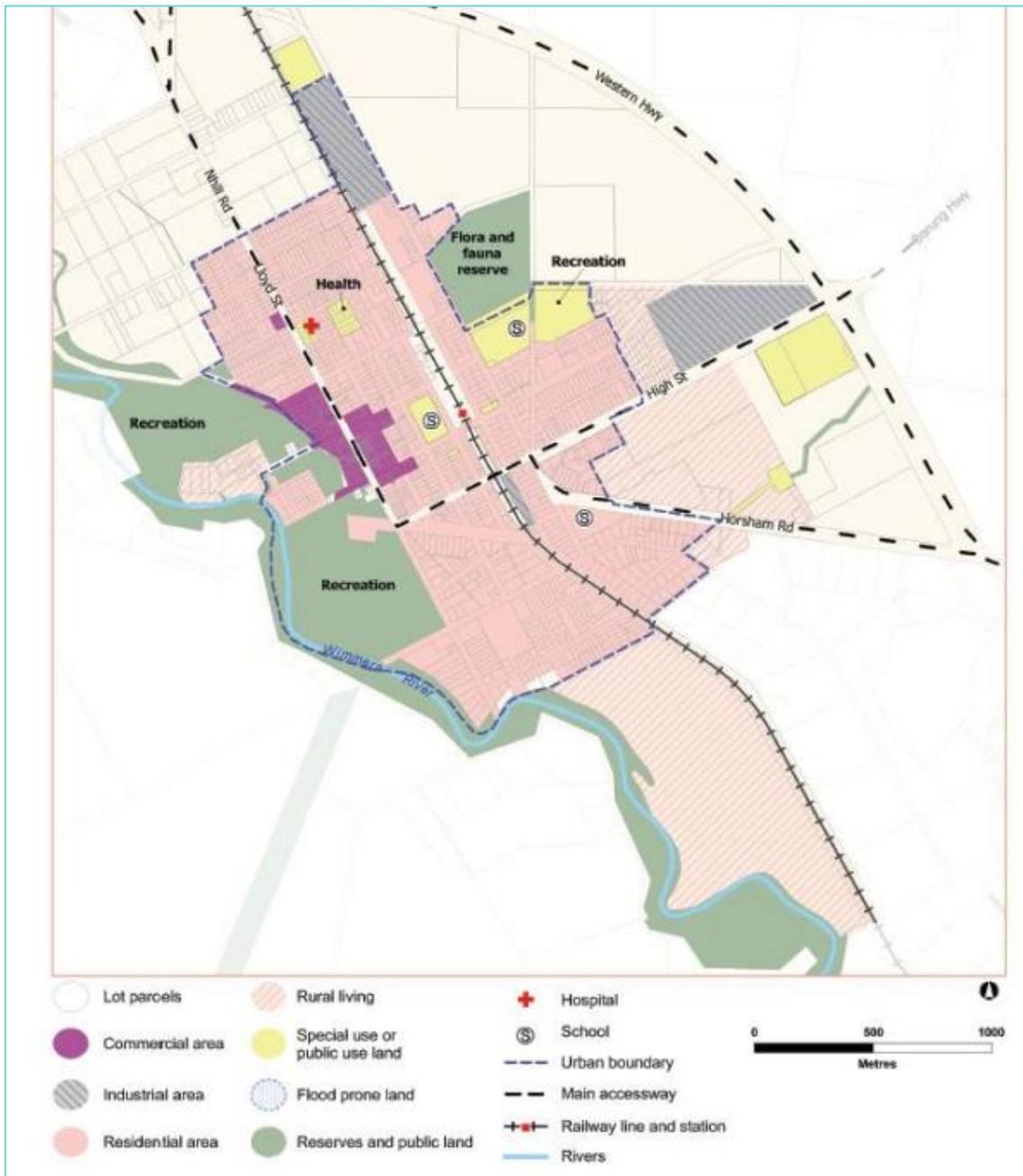
Strategic directions in relation to infrastructure include (emphasis added):

- Encourage joint use of existing facilities and the rationalisation of under-utilised facilities.
- Provide a range of health services throughout the Shire.
- Support the existing hospitals at Nhill, **Dimboola**, Rainbow and Jeparit.
- Provide a range of education services throughout the Shire.
- Support the retention of the schools at Nhill, **Dimboola**, Rainbow and Jeparit.

- Support ‘artificial wetlands’ and stormwater pollution traps as a means of controlling the quality of stormwater runoff from urban areas.

The Dimboola Framework Plan is provided at Figure 1.4. The Subject Land can be seen on the southern side of the urban area and identified as ‘Rural living’.

Figure 1.4: Dimboola Framework Plan



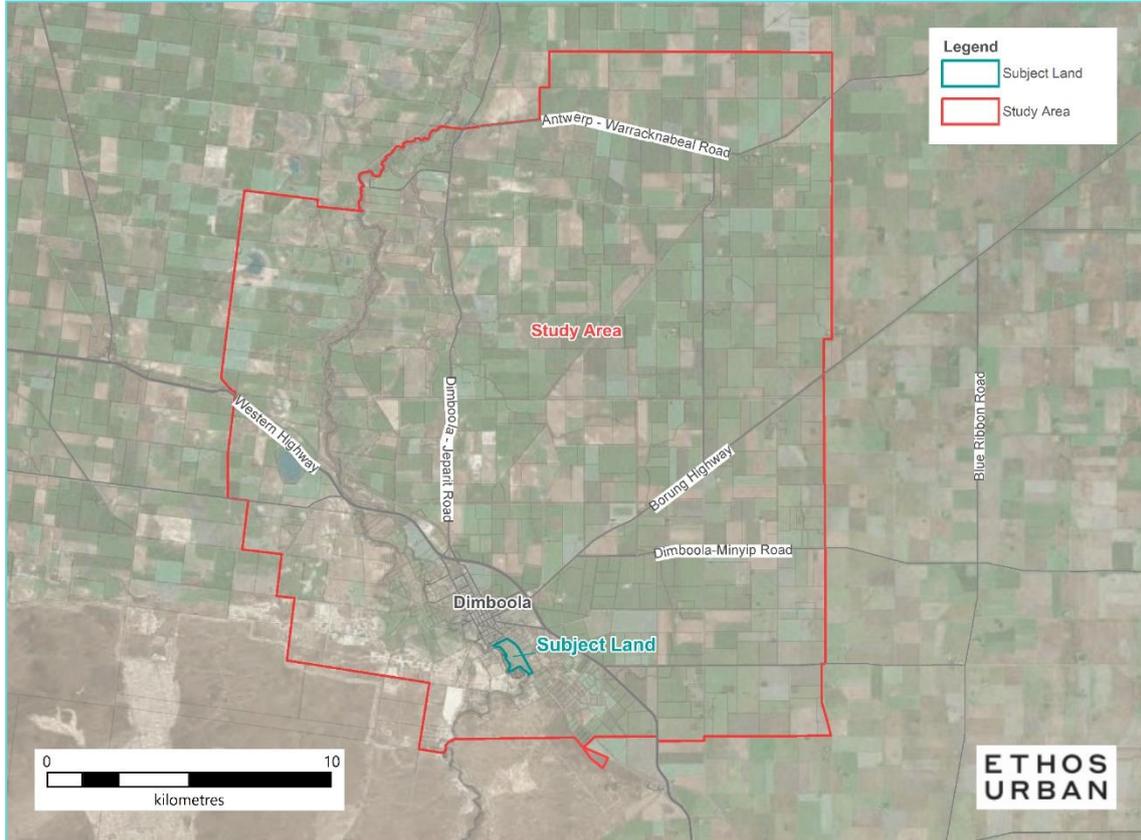
Source: Hindmarsh Shire Planning Scheme, Clause 02.04

The primary impact of the proposed development concept would be an increase in the residential yield provided from the subject once it is developed.

1.4 Study Area

For the purposes of the economic analysis undertaken in this report, a study area has been identified using the 'Dimboola State Suburb' as defined by the Australian Bureau of Statistics (ABS). The study area, which incorporates the urban area of Dimboola and a surrounding rural area, provides a basis for data analysis.

Figure 1.5: Study Area



Source: MapInfo; Bingmaps; Ethos Urban

2 Residential Land Supply Analysis

This Chapter provides an overview of the residential land supply situation in Dimboola.

2.1 Methodology

An assessment of residential land supply in Dimboola has been undertaken based on a field visit conducted by the Consultant on 10 February 2022, in conjunction with analysis of Google Earth Pro aerial imagery from August 2021. The analysis estimates the potential supply of actual and future residential lots capable of accommodating dwellings (see Table 2.2 and Figure 2.1).

For the purposes of this assessment, a residential lot is considered vacant if no habitable dwelling is evident on the lot and construction has not begun on a dwelling. The assessment has been undertaken for land in all residential areas of Dimboola comprising land in the following zones as outlined in the Framework Plan:

- General Residential Zone (GRZ)
- Low Density Residential Zone (LDRZ)
- Rural Living Zone (RLZ)

Vacant land has been grouped into the following two supply categories:

- **Vacant Lots:** vacant lots refer to constructed residential lots and lots that exist as part of a subdivision but are not physically available as constructed residential lots. In total, 160 vacant lots are identified in the residential zoned areas in Dimboola, the majority of which are in the GRZ zone.
- **Large Subdividable Lots:** Refers to larger residential lots that have the potential to be further subdivided. An average lot size for the relevant zone has been calculated based on occupied lots in the township boundary.

The assessment of potential land supply establishes a theoretical land supply position. The theoretical nature of the assessment is emphasised. For example, landowner intentions, in regard to individual vacant lots are unknown, as are the intentions of the owners of larger properties that could be further subdivided. In some cases, vacant lots may be held for long term purposes or not be available for dwelling construction at all. In this regard, the calculated land supply position represents an optimistic assessment of supply.

Having regard for these considerations, the actual supply of land suitable and available for development as residential lots is likely to be considerably less than the supply assessment indicates.

2.2 Current Residential Supply

In total, zoned residential supply in the Dimboola Framework Plan area has the potential to accommodate 200 residential lots (rounded). This includes areas zoned GRZ, RLZ and LDRZ.

- 155 single vacant residential lots, comprising:
 - 117 in the GRZ1
 - 38 in the RLZ
- A potential supply of approximately 47 lots on large subdividable sites in the GRZ1, LDRZ and RLZ.

A summary of the residential lot supply in Dimboola is shown in Table 2.2, while Figure 2.1 shows the location of vacant and developable residential areas in and surrounding Dimboola.

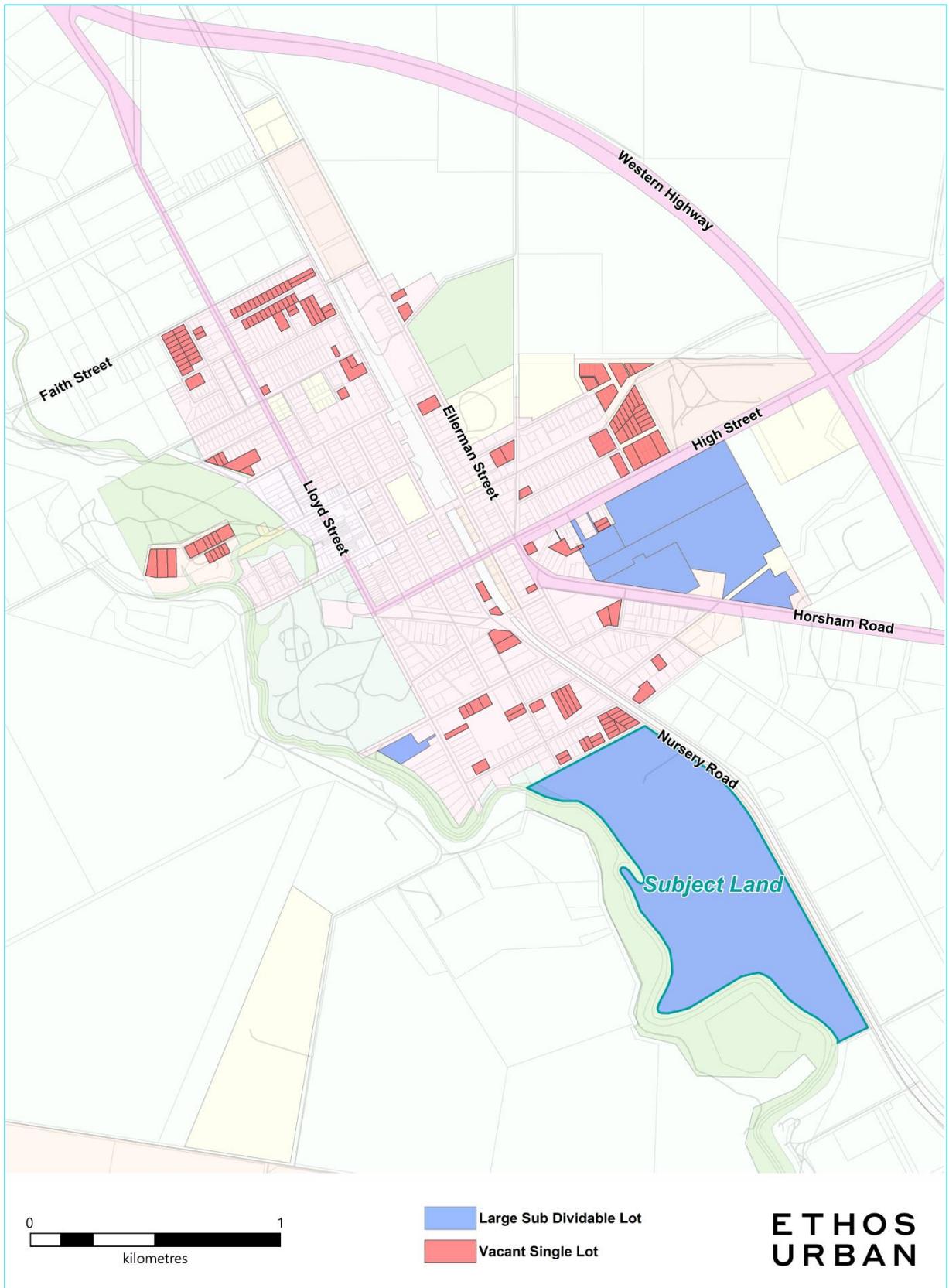
Table 2.2: Dimboola Zoned Residential Land Supply, February 2022

	Vacant Lots	Total Developable Area (ha)	Net Developable Area @75% Developable (ha)	Assumed Average Lots Size (m ²)	Estimated Yield (Lots)	Total Supply (Lots)
GRZ1	117	1.3	0.9	1,400	7	124
RLZ	38	95.7	71.8	20,000	36	74
LDRZ	0	2.4	1.8	4,000	5	5
Total	155	99	75	-	47	202

Source: Ethos Urban; Google Earth Pro

Note: RLZ estimated yeild includes the Subject Land at current zoning.

Figure 2.1: Dimboola Zoned Residential Land Supply, 2022



Source: Ethos Urban; MapInfo; Google Earth Pro

3 Residential Demand Analysis

This Chapter looks to establish the potential demand for dwellings in Dimboola based on a conventional approach to demographic analysis.

3.1 Regional Victorian Housing Market Trends

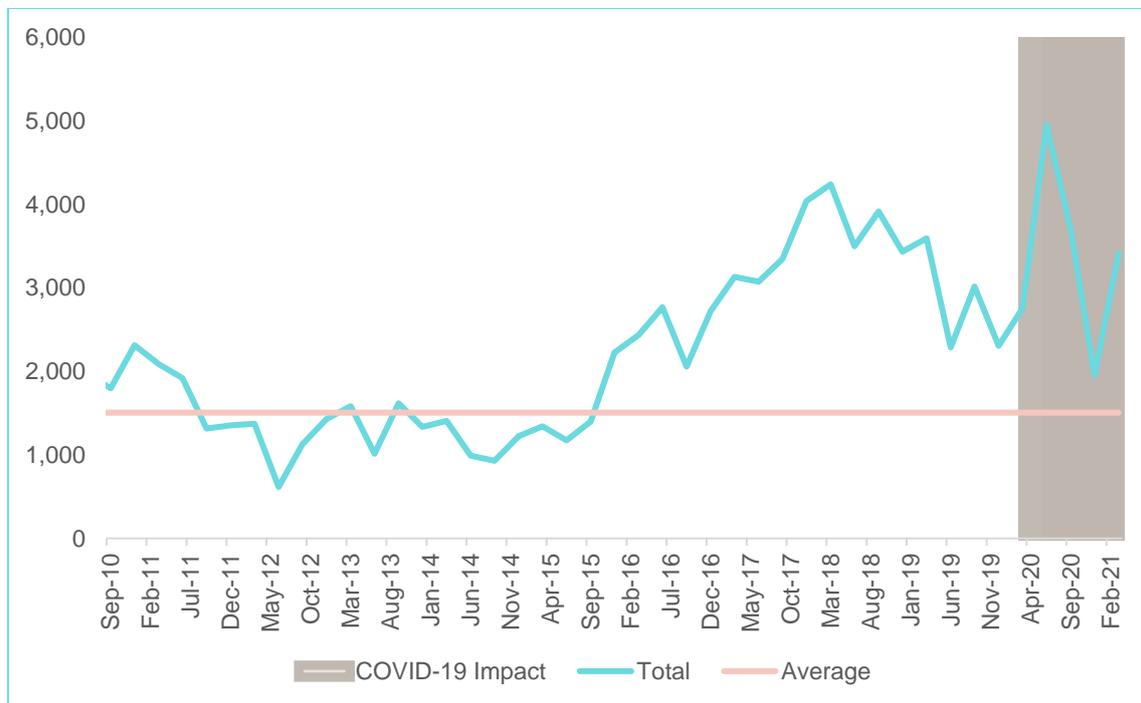
Regional Victorian Housing Markets

The COVID-19 pandemic has had a significant impact on Regional Victoria with the new working-from-home paradigm allowing workers to re-assess their need to live close to the workplace, and many are now electing to live in regional areas commuting to, for example, Melbourne when and if required, or permanently working from home.

Similarly and related, many people are electing to pursue lifestyle alternatives to city living. Figure 3.1 shows migration to Regional Victoria from Melbourne reaching record levels since early 2020.

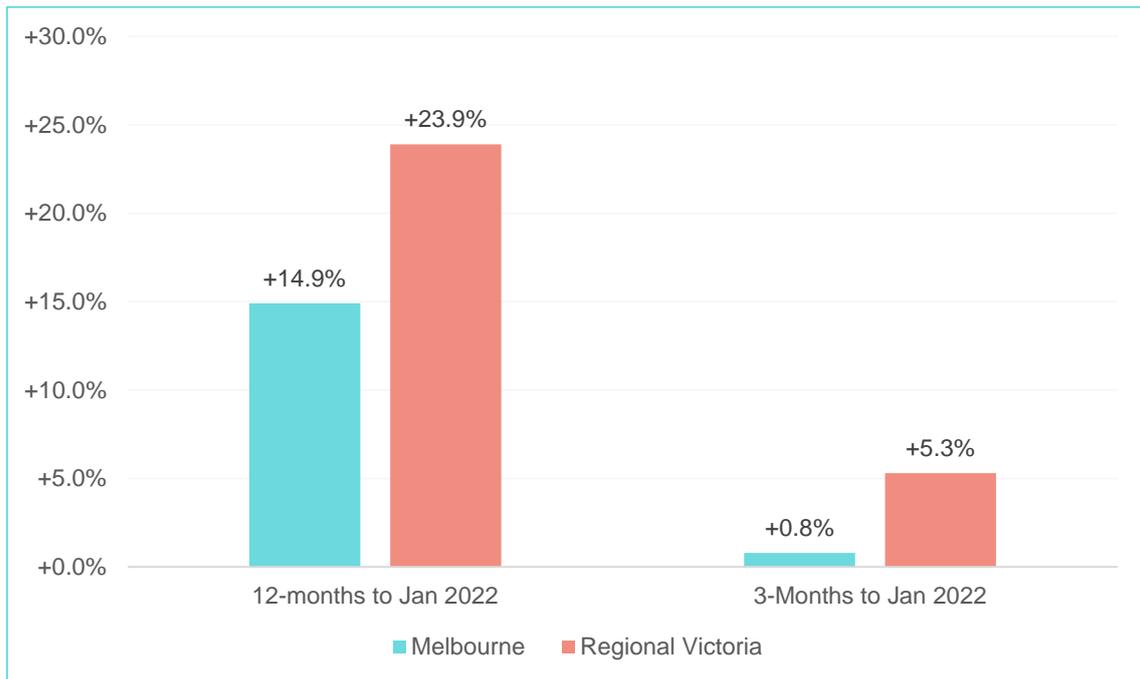
Data from CoreLogic (December 2021) further illustrates the strength of regional Victorian housing markets, where dwelling values have increased by +23.9% for the year to January 2022 compared to +14.9% in metropolitan Melbourne. Data for the last three months have shown price growth across Victoria easing, although Regional Victoria rose +5.3% in the three months to January, while Melbourne rose +0.8%.

Figure 3.1: Regional internal Migration, Regional Victoria



Source: ABS, Table 3. Internal migration (arrivals, departures, net), rest of state areas – intrastate, interstate and total

Figure 3.2: Increase in Dwelling Values, Melbourne vs Regional Victoria

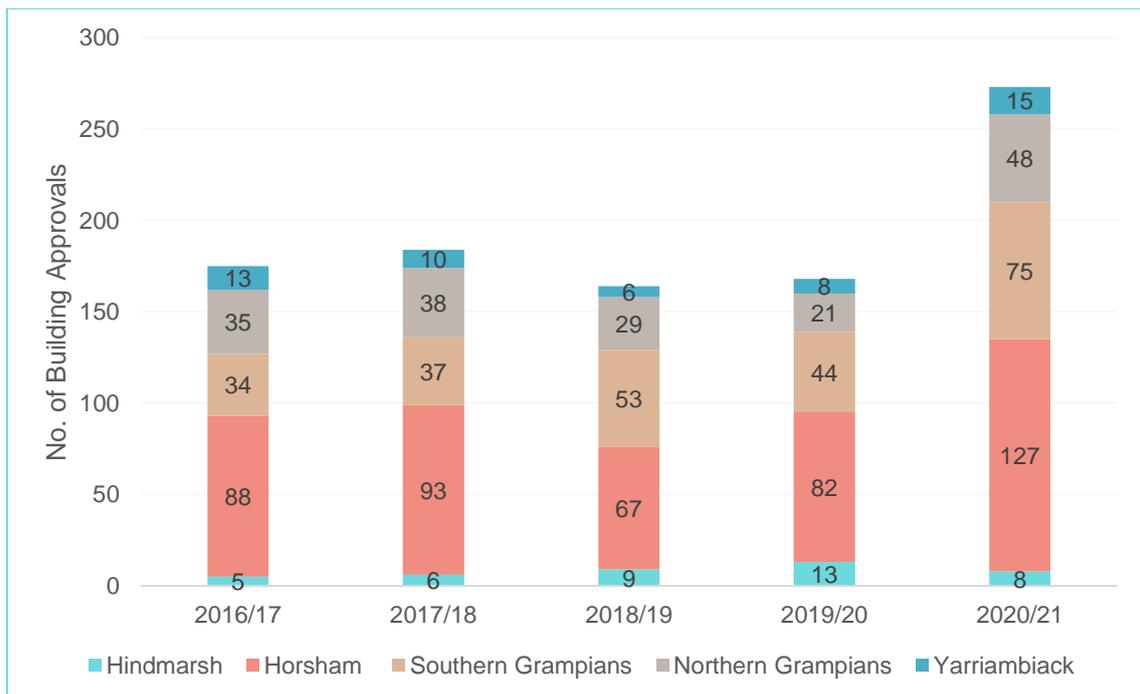


Source: CoreLogic, Monthly Chart Pack September 2021

Local Housing Market Commentary

Since Victoria’s first major lockdown in 2020, dwelling approvals have progressively increased in many regional areas. Although building approvals in Hindmarsh have remained relatively stable, the surrounding municipalities experienced a significant increase in new dwelling approvals between 2019/20 and 2020/21. Northern Grampians (+128.6%) and Yarriambiack (+87.5%) both experienced the largest yearly increase, while Southern Grampians (+70.5%) and (+54.9%) also increased substantially.

Figure 3.3: New Dwelling Approvals, Financial Year



Source: ABS Building Approvals, Australia (8731.0)

3.2 Population and Dwelling Growth Trends and Forecasts

Population Growth Trends

In 2020, Hindmarsh Shire had a population of approximately 5,590 persons, with Dimboola (or the study area) accounting for 30% of the population, or 1,690 residents. Between 2006 and 2020, the municipality's population decreased by a total of approximately -530 persons, representing a -0.6% decline per annum, while Dimboola declined at a slightly lower rate at -0.4% per annum.

Based on ABS data, the population in both Hindmarsh Shire and Dimboola has fallen slightly between 2016 and 2020. However, it should be noted that population estimates for 2020 are preliminary and will be revised when results of the ABS 2021 Census are released.

Table 3.1: Population Growth Trends, 2006-2020p

	2006	2011	2016	2020p	2006 - 2020
Study Area Population (no.)	1,780	1,670	1,750	1,690	-90
Average Annual Growth (no.)		-20	20	-20	-10
Average Annual Growth (%)		-1.3%	0.9%	-0.9%	-0.4%
Hindmarsh Shire (no.)	6,120	5,860	5,780	5,590	-530
Hindmarsh Shire Average Annual Growth (no.)		-50	-20	-50	-40
Hindmarsh Shire Average Annual Growth (%)		-0.9%	-0.3%	-0.8%	-0.6%

Source: Ethos Urban, ABS Regional Growth Cat.3218.0, ABS ERPs by SA1

Note: p denotes preliminary estimate.

Forecast Population and Dwelling Growth

Victoria in Future 2019 (VIF2019) represents the State Government's official population and dwelling projections. While they do not provide forecasts at a township level for Dimboola, they provide population and dwelling projections for Hindmarsh Shire, offering insights into potential future population and dwelling growth.

It should be noted that the projections were prepared in 2019, prior to the COVID-19 pandemic. As shown in Section 3.1, regional Victoria has experienced a significant increase in the demand for housing over the past 18 months. Although uncertainty exists as to whether the recent surge in demand represents a structural realignment of regional Victoria's growth trajectory or a short-term trend in response to the COVID-19 pandemic, Dimboola possesses lifestyle attributes to potentially attract future residents.

The VIF2019 population and dwelling projections for Hindmarsh Shire are set out in Table 3.2. Over the period 2021 to 2036, VIF2019 projects Hindmarsh Shire's population to decline by approximately -920 persons.

Projected demand for new dwellings in Hindmarsh over the same period decreases by approximately -60 dwellings, or -4 dwellings per annum. Comparing the projected demand for -4 dwellings a year to recent new dwelling approvals shown in Figure 3.3, illustrates the conservative nature of the projections. For example, Hindmarsh Shire has averaged ten new dwelling approvals over the last three years, though it is acknowledged that some new dwellings may represent replacement housing.

Table 3.2: Hindmarsh Shire Population and Dwelling Projections, 2021-2036

Category	2021	2036	Change
Estimated Resident Population	5,480	4,560	-920
Persons in Non-Private Dwellings	100	100	0
Persons in Occupied Private Dwellings	5,380	4,460	-920
Occupied Private Dwellings	2,520	2,200	-320
Average Household Size	2.1	2	-0.1
Structural Private Dwellings	3,040	2,980	-60
Occupancy Rate	82.7%	73.8%	-8.9%

Source: DEWLP, Victoria in Future, 2019

The level and rate of population and dwelling growth in regional towns can change rapidly due to a variety of factors, including market trends or consumer preferences such as the 'sea or tree change' phenomenon'. On the other hand, supply factors, such as new residential estates being brought to market, or competing townships being constrained in terms of new residential supply, can also play significant role in a region's future growth.

Based on a 'business as usual' approach to future population and dwelling growth, the Dimboola Study Area is likely to experience a marginal decrease in population in the future or a stabilisation in the town's population.

Under the 'business as usual' approach however, and due to a decline in the occupancy rate for dwellings (82.7% to 73.8% at a municipal level), an increase in the number of dwellings in Dimboola would still be required to support a stable or declining population.

Given the extent to which population trends can shift (often quite quickly) and having regard for the particularly volatile situation in the post-COVID19 environment, caution should be applied in relying purely on past trends to predict future trends.

3.3 Recent Sales and Price Trends

Median House Price and Sales

Dimboola had a median house price of \$199,990 in the year ending December 2021, having increased by 26.6% over the past year. This compares to the average growth rate of 10.7% per annum since 2012 and illustrates strong recent level of interest shown in the local housing market.

Similarly, other towns in Hindmarsh Shire experienced a surge in house prices, with the median house price in the municipality increasing by +36.4% to \$172,500 in 2021.

Although Dimboola's median house price is relatively high compared to other towns in Hindmarsh, it is considered affordable in the context of metropolitan Melbourne and many other regional city housing markets. The relative affordability of property in Dimboola, along with the positive lifestyle attributes of the town, are factors that are likely to drive demand for residential land in the future.

A summary of median house price trends and sales for Dimboola and other major towns in Hindmarsh over the period 2012 to 2021 are provided in Table 3.3.

Table 3.3: Median House Price, Dimboola and Selected Towns, 2012 to 2021 (Year Ending December)

	2012	2016	2020	2021	AAGR 2012 to 2021	Total Growth 2012 to 2022
<u>Median House Price</u>						
Dimboola	\$80,000	\$135,000	\$158,000	\$199,990	+10.7%	+150.0%
Nhill	\$104,000	\$142,500	\$158,500	\$190,000	+6.9%	+82.7%
Jeparit	\$58,500	\$122,000	\$110,000	\$137,000	+9.9%	+134.2%
Rainbow	\$88,000	\$59,500	\$82,000	\$112,000	+2.7%	+27.3%
Hindmarsh Shire	\$81,750	\$132,000	\$126,500	\$172,500	+8.7%	+111.0%
<u>House Sales (no.)</u>						
Dimboola	29	35	35	39	+3.3%	+34.5%
Nhill	43	40	53	57	+3.2%	+32.6%
Jeparit	16	10	17	24	+4.6%	+50.0%
Rainbow	17	14	17	12	-3.8%	-29.4%
<u>Balance of Municipality</u>	<u>9</u>	<u>4</u>	<u>6</u>	<u>9</u>	<u>0.0%</u>	<u>0.0%</u>
Hindmarsh Shire	114	103	128	141	+2.4%	+23.7%

Source: Ethos Urban, PriceFinder

It should also be noted that more recent house sales indicate the Dimboola continues to be relatively strong. Like all residential markets, the value attributed to residential property is dependent on location and the quality of the built form. Recent sales include several properties having transacted at between \$350,000 and \$400,000 (realestate.com.au) while anecdotally, several properties are reported to have sold for upwards of \$500,000.

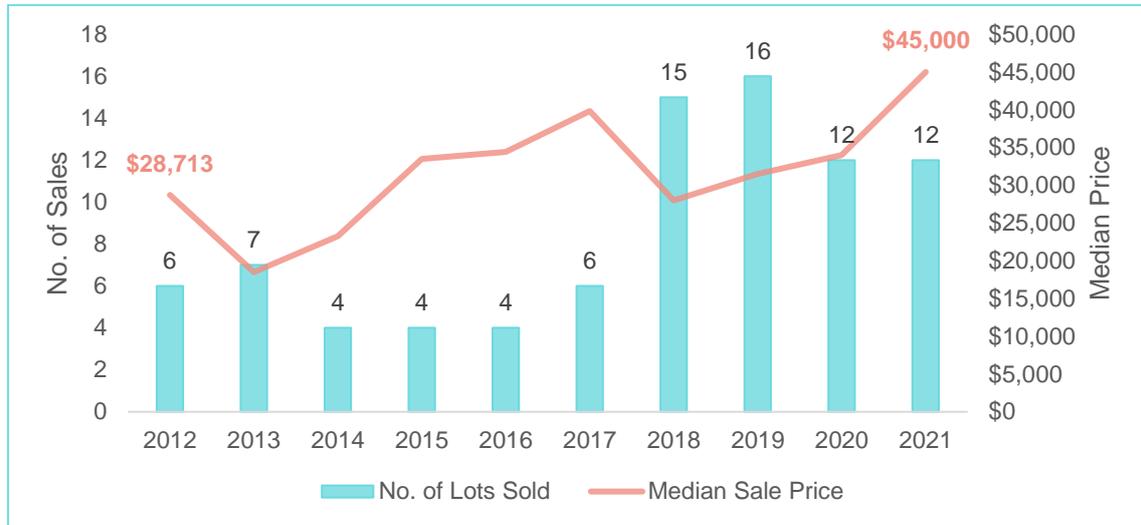
Vacant Residential Land Number of Sales and Median Price

Since 2018, vacant land sales have, on average, doubled from previous historical trends. Between 2012 and 2017, Dimboola averaged five vacant land sales per year, while between 2018 and 2021, an average of 14 vacant lots have been sold per year (refer Figure 3.4).

From 2012 to 2018, the median price for vacant land in Dimboola has fluctuated significantly, starting at \$28,710 in 2012, reaching a high of \$39,850 in 2017 and then dropping to \$28,000 in 2018. An upward trend in vacant land median prices has been evident since 2018, increasing +17.1% per annum to a median price of \$45,000 in 2021. Most notably, 2021 has seen an increase in median vacant land price by +32%.

As of February 2022, only four vacant residential lots were for sale in Dimboola, based on a review of www.realestate.com.au. This reflects a constrained residential land market. It is anticipated vacant land sales will be limited in the near future until new subdivisions are approved or development commences in Dimboola (including the Subject Land).

Figure 3.4: Number of Sales and Median Price for Vacant Lots, Study Area, FY2016 to FY2021



Source: Ethos Urban, PriceFinder

3.4 Recent Residential Building Approvals Trends

Dwelling approvals are a key indicator of future dwelling construction activity in a given locality, and therefore represents a reliable source for assessing housing demand. Dwelling approvals for Dimboola and Hindmarsh Shire are reflected in Figure 3.5.

The study area has averaged two new dwelling approvals in the 10-years from financial year (FY) 2012 to 2021. The number of new dwelling approvals have varied between zero to five during this period.

Hindmarsh Shire has seen an upward trend in new dwelling approvals since 2015 after experiencing a significant fall from the previous year. Since 2019, new dwelling approvals have averaged ten new dwellings, only slightly higher than the long-term average of eight since 2012.

Figure 3.5: Study Area and Hindmarsh: New Dwelling Building Approvals



Source: Ethos Urban, ABS Building Approvals, Australia (8731.0)

3.5 Summary

Consistent with many similar towns across regional Victoria, Dimboola has experienced population decline in recent decades, a trend that has been mirrored across Hindmarsh Shire. Also consistent with many similar municipalities, population decline has been more pronounced in the rural parts of the Shire, while the population in urban areas has either declined less significantly or stabilised.

Official Victorian Government population and dwelling projections indicate a likelihood of ongoing population decline at a municipal level. This is likely to translate to either a slight decline, stabilisation, or marginal increase in Dimboola's urban population. The outlook for dwellings however, based on official projected population growth, remains positive due to declining household size and a decrease in the occupancy rate (the proportion of permanently occupied dwellings) at a local and municipal level.

Accordingly, the demand for dwellings in Dimboola under a 'business as usual' scenario is likely to amount to approximately 2 to 4 dwellings per year.

More recent data (house prices, land sales and building approvals) however, suggests an improving outlook for the housing market in Hindmarsh Shire and Dimboola, although it should be noted the Shire is operating off a low base when it comes to the demand for new housing. This scenario ('the post COVID-19 environment) provides for a higher growth scenario of perhaps 5 to 7 dwellings in Dimboola.

The key question is whether existing supply in Dimboola is likely to entice new residents and, more importantly, whether a new development, with well-presented lifestyle lots, is likely to provide a spike in demand. This is explored in Chapter 4.

4 Development would alter the Dimboola Residential Market

This Chapter considers why, in spite of official population projections and despite historic population growth, the proposed development concept is likely to generate sufficient demand and shift perceptions of Dimboola as a place to live.

4.1 Dimboola is Well Positioned for Additional Growth

Of Hindmarsh Shire's four main towns, Dimboola is likely to represent the urban area with the most potential for population growth. This is partly due to Dimboola being situated 38kms (a 25-minute drive) from Horsham. Proximity to Horsham provides relatively convenient access to higher order retailing, commercial, medical and educational services. Conversely, Horsham's proximity to Dimboola provides an opportunity for Dimboola to act as an alternative to Horsham, particularly for those seeking an affordable semi-rural lifestyle.

Horsham, which is the principal retail and commercial centre for much of the Wimmera region has an urban population of approximately 15,000 persons. Although the small city is recording a moderate rate of population increase, it represents the dominant housing market in the region with an average house sale price of \$342,500 in 2021 (calendar year) compared to Dimboola (\$199,990) in the same period.

The sense that Dimboola may have already been 'discovered' from a housing market perspective is demonstrated by the town's median house price increasing by +150% since 2012 compared Horsham (+58%).

Towns that are located within a relatively short drive of significantly larger regional cities can often become an attractive residential option in their own right. In many cases, the smaller town may have experienced population decline or little growth over a long period of time. Suddenly, with the addition of a new and well-presented residential estate(s), and an affordability advantage over the larger nearby town, the smaller town begins to experience positive population growth. Relevant examples, where a small town has begun to record significant levels of population by presenting as an alternative to larger regional town, include:

- **Koroit** - 18-minute drive to Warrnambool (conventional density and rural-residential opportunities).
- **Tangambalanga** – 20-minute drive to Wodonga (conventional density and rural-residential opportunities)
- **Jindera** – 23 minute drive to Albury (conventional density and rural-residential opportunities)
- **Toolamba** – 24-minute drive to Shepparton (rural-residential opportunities)
- **Numurkah** – 28 minute drive to Shepparton (conventional density and rural-residential opportunities)

4.2 Existing Residential Land provides little incentive for New Residents seeking Lifestyle

From a technical perspective, Dimboola's available residential land supply can be described as adequate. A sufficient number of vacant lots and land that could be further subdivided exist in Dimboola to satisfy demand under a 'business as usual' scenario.

The nature of much of the existing land supply in Dimboola however is unlikely to attract residents who value lifestyle as a key reason for relocating to Dimboola.

To the northwest of the established township, between Normanby Street and Faith Street, three areas have been identified to have potential or have already been approved for subdivision. These sites therefore represent a significant share of the theoretical GRZ supply in the township. In reality however, these areas are unlikely to prove attractive to new residents looking to build a brand new house. In particular, they are unlikely to command a price that would encourage the owner of a significant land holding that requires subdivision and street construction to undertake land development.

Rural residential supply in Dimboola is contained to four areas located predominantly to the North of the township along High Street, Horsham Road and Lovers Lane, with a small area of supply to the south along the extension of Lochiel Street. It is understood that physical constraints relating to these sites are likely to restrict the possibility in achieving their full development potential with some likely to see no development. These constraints are understood to include:

- Flood overlay at the RLZ development area to the south of the township along the extension of Lochiel Street.
- Undesirable proximity to GWMWater settling ponds (Buffer likely required if developed) for RLZ and LDRZ development areas to the north of the township along High Street and Horsham Road.

Overall, despite an adequate level theoretical supply, it is considered unlikely that existing lots will prove an attractive proposition to buyers looking to move to Dimboola and build a home.

Examples of current supply are depicted in Figures 4.1 to 4.3 below.

Figure 4.1: Dimboola Supply Example 1



Source: Ethos Urban

Figure 4.2: Dimboola Supply Example 2



Source: Ethos Urban

Figure 4.3: Dimboola Supply Example 3



Source: Ethos Urban

4.3 Market Feedback suggests support for Proposed Development

Interviews have been undertaken for the purposes of this brief with representatives from real estate agencies active in the Dimboola residential market.

The agents commented that demand for housing in Dimboola and the wider region has been strong in recent times with all types of housing products selling relatively quickly compared to previous years. In terms of land sales, buyers are looking for a wide variety of land types with larger lifestyle lots the most popular with residents wanting to move to the area in order gain space while still having access to community and commercial services.

Local agents observed favourable selling conditions during the COVID-19 pandemic with a clear desire for people to live in a regional area such as Dimboola. Dimboola and the wider Wimmera region is attracting residents due to what are perceived as positive locational attributes including proximity to the Wimmera River. These include recreational opportunities and convenient accessibility to facilities and services in Horsham.

Further, the agents reported that the recent popularity of Dimboola and the wider region is evident when observing the sales rates of the established homes throughout the townships. Ray White Horsham noted they recently had four homes for sale in Dimboola which have now sold, with days on the market dropping from generally around 180 days (6-months) to 30 days (1-month). This change in the average days on the market reflects a strong level of interest in Dimboola, with affordability noted as being the key factor.

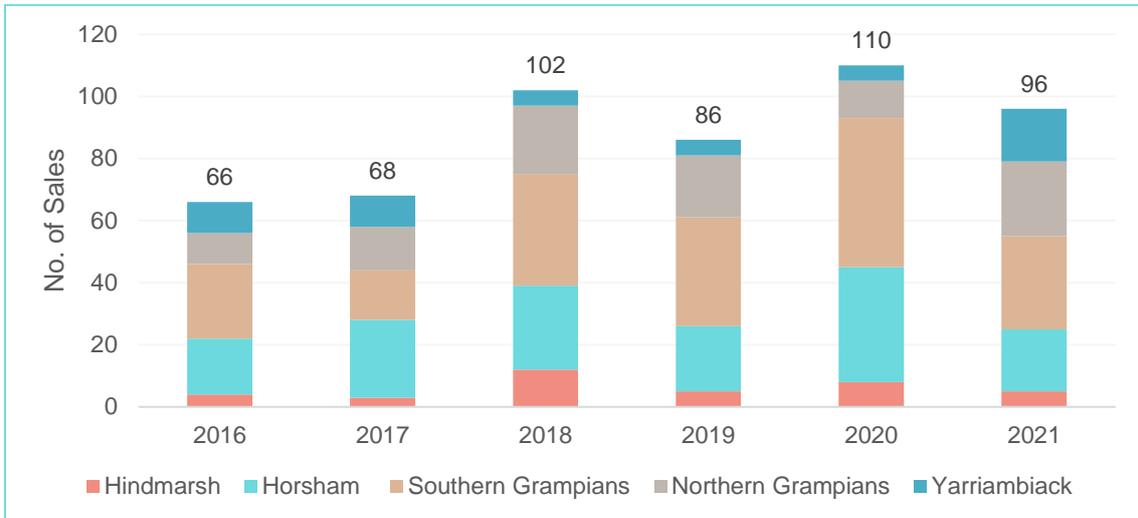
4.4 Regional Lifestyle Lot Sales Trends

The increased popularity of lifestyle lots in the order of 2,000m² to 20,000m² is illustrated in Figure 4.1, which shows a long-term trend of vacant lot sales in the municipalities of Hindmarsh, Horsham, Southern Grampians, Northern Grampians, and Yarriambiack municipalities referred to as the Wimmera region in this report.

Increased growth in vacant land sales of 2,000m² to 20,000m² commenced in 2018, and has since been stable above 85 sales a year. With the onset of the COVID-19 pandemic and the establishment of new priorities for consumers relating to where and how they live/work, 2020 recorded the largest number of vacant lifestyle lot sales in the selected municipalities.

On the basis of the analysis shown in Figure 4.1 and the establishment of new consumer priorities, it would be reasonable to expect strong growth in lifestyle lots to continue – provided sufficient supply is available.

Figure 4.1 Wimmera Region Vacant Land Sales, 2,000m² to 20,000m², 2016 to 2021



Source: PricewaterhouseCoopers; Ethos Urban

It is evident an underlying preference exists for lots ranging from 2,000m² to 4,000m² and 4,001m² to 8,000m² in the Wimmera region, as shown in Figure 4.2. Further, smaller lifestyle lots have grown in preference in recent years as also reflected Figure 4.2.

Figure 4.2: Lot Size (m²) % of all Lifestyle Vacant Lot Sales, 2016 to 2021



Source: PricewaterhouseCoopers; Ethos Urban

4.5 A New Residential Estate Will Offer Something Not Seen Before In Dimboola

The proposed development represents a residential concept that has not previously been delivered in Dimboola and as a result isn't presently available to the market.

The Dimboola township has in the order of 3 hectares of LDRZ land which is currently underutilised, and presently contains one dwelling. Similarly, Dimboola's RLZ areas have also experienced little to no development despite a significant stock of land. In principle the delivery of housing has been delivered through conventional density on land zoned GRZ with little diversity delivered to the market.

The proposed development concept offers a new product for the township and has potential to attract buyers from Horsham and beyond, who are seeking a lifestyle property in a township that offers access to commercial, medical, educational and community essentials services. Moreover, the proposed concept utilises the surrounding landscape by offering a premium living opportunity along the Wimmera River.

In this regard, the proposed development is likely to offer a point of differentiation from low-density land currently available in Horsham, where the majority of LDRZ supply is located to the south of the township and is not proximate to a river-based natural environment. In a regional context, the proposed development is more likely to be regarded as a premium lifestyle offering.

4.6 The Potential for a Supply-Lead Demand Scenario

Having regard for the trends and current market conditions in Dimboola and noting the surge in regional demand as a consequence of the COVID-19 pandemic, it is considered there is potential for a 'supply led' demand scenario in Dimboola, provided that supply is well-presented and responds to the market preference for lifestyle lots.

Support for the proposed development concept is likely to provide a significant increase in Dimboola's residential population.

The key benefits of the proposed development concept in relation to the LDRZ market include:

- Provide for the short to medium-term supply of LDRZ land in Dimboola through a logical extension of the established urban area along Nursery Road.
- Provide an element of choice in the market, noting at present, limited availability of lifestyle lots exists.
- Provide diversity in housing choices and an opportunity to attract residents and workers seeking a rural lifestyle while having access to a range of facilities and services.

5 Economic Benefits associated with the Proposed Development

This chapter outlines the potential economic benefits associated with the development of the Subject Land including direct investment, employment generation, future resident expenditure and utilisation of social infrastructure.

5.1 Local Direct Investment

A high-level estimate of the project investment for both civil works and housing construction has been undertaken in order to understand the flow on benefits associated with the residential estate development at the Subject Land.

For the purposes of this assessment nominal value for civil works has been estimated based on a cost of \$90,000 per lot. With 135 lots proposed the total investment for civil works is estimated to be in the order of \$12.2 million. It is assumed that 70% of labour and material used on the civil stage will be sourced locally (within 100km of Dimboola). Therefore, approximately \$8.5 million will be injected into construction related firms in the local area with the remaining \$3.7 million distributed in the wider economy.

At full development (when all dwellings are constructed), an estimated \$48.2 million will have been collectively spent by residents in order to build their homes based on an average build cost of \$240,000 for conventional density homes and \$375,000 for larger lifestyle homes. In regards to proximity of Dimboola to Horsham and other towns with considerable construction firms, it is reasonable to assume that generally 80% works completed on dwellings in the estate will be undertaken by local contractors, resulting in approximately a \$38.6 million injection into the local economy.

5.2 Construction Related Employment

Direct (onsite) Construction Employment

One direct (onsite) full-time equivalent (FTE) job year in the commercial construction industry is generated by approximately \$450,000 in construction investment based on analysis of official ABS data and various other industry sources.

On this basis, the \$38.6 million in capital investment associated with construction of the proposed development (excluding land acquisition costs) would support an estimated 134 direct full-time equivalent (FTE) job years over the development phase. The level of on-site employment is expected to vary during the construction period.

Indirect Construction Employment

To calculate indirect (or flow-on) construction employment the relevant residential construction multiplier of 3.0 is applied (i.e., one direct job generates a further 3.0 indirect or flow-on jobs). On this basis the 134FTE direct construction positions would support a further 400 FTE indirect job years (rounded) in the wider economy over the project's construction phase.

5.3 Additional Retail Expenditure

The Dimboola town centre (centred around Lloyd Street) has a notably high vacancy rate of 25% for shopfronts, with little activity observed after the typical working hours of 9am to 5pm.

Retail spending estimates for residents living in LDRZ areas in Regional Victoria are derived from data presented in the MarketInfo Retail Spending Model which, in turn, is based on official ABS data, including the ABS Household Expenditure Survey.

In the current financial year, the MarketInfo data indicates that residents living in the LDRZ spend an average of \$14,730 per person per year and \$39,370 per household per year, and this is significantly higher (+13.2%) than the Regional Victorian average of \$34,780 and the Study Area (\$30,900) per household per year.

An estimated \$4.2 million (2021 dollars) will likely be spent by new residents living at the Subject Land at full development. Noting however, due to the restrained commercial and retail offering of the township it is likely that approximately 40% of this expenditure potential will be spent in the township (or ~\$1.7 million) with the remaining 60% spent in the wider regional economy and online. The estimate above is based on the following assumptions:

- 136 dwellings expected to be located at the Subject Land at full development
- Average household spend from the above model (\$39,370 per household), and
- An occupancy rate of 80% at the estate.

5.4 Increased Presence of Younger Residents

One of Council’s strategic directions outlined in the Hindmarsh Planning Scheme is to “support the retention of the schools” in the Shire’s four main townships. It is noted however, that between 2014 to 2020, student numbers have been declining along with school staff numbers (Table 5.1).

The proposed development at the Subject Land is expected to increase the number of school aged residents to the township and assist with ensuring local schools remain sustainable. Again, it is useful to note that households in the LDRZ tend to be:

- More likely to be families with children (35.7% against 25.5% in the GRZ); and
- Larger, in terms of average household size (2.6 persons per household against 2.4 persons in the GRZ).

Table 5.1: Dimboola School Attendance and Employment Change, 2014 to 2020

School	Category	2014	2017	2020	Change (2014 to 2020)
Dimboola Memorial Secondary College (7 - 12)	Teaching Staff (FTE)	24.2	20.2	18.7	-22.7%
	Students (FTE)	199.9	160.6	148.9	-25.5%
Dimboola Primary School (Prep - 6)	Teaching Staff (FTE)	9.5	7.5	6.7	-29.5%
	Students (FTE)	130.0	106.0	94.0	-27.7%
St Peter's Lutheran School (Prep - 6)	Teaching Staff (FTE)	2.3	2.6	2.6	13.0%
	Students (FTE)	30.0	32.0	29.0	-3.3%
Total	Teaching Staff (FTE)	36.0	30.3	28.0	-22.2%
	Students (FTE)	359.9	298.6	271.9	-24.5%

Source: acara, MySchool

6 Key Findings and Conclusions

The following findings flow from the discussion and analysis outlined in this report:

Locational Context

- 1 The Subject Land is situated at Dimboola, some 36km southeast of Horsham.
- 2 The Subject Land comprises 67 hectares of vacant, undeveloped land located immediately south of the established Dimboola township and represents the most southern parcel of land in the Dimboola Framework Plan area. The Subject Land is presently in the Rural Living Zone (RLZ).
- 3 For the purposes of the economic analysis undertaken in this report, a study area has been identified using the 'Dimboola State Suburb' as defined by the Australian Bureau of Statistics (ABS). The study area, which incorporates the urban area of Dimboola and a surrounding rural area, provides a basis for data analysis.

Proposed Rezoning

- 4 The landowner seeks a rezoning of the Subject Land, mainly from the RLZ to the LDRZ, to facilitate a development of 135 residential lots with the majority of the lots being low density in nature. The development would represent a point of genuine differentiation from existing land supply in Dimboola, with residential lots presented in a well-designed estate that offers lifestyle living in a quality natural environment.

State and Local Strategic Planning Policy

- 5 State Policy (Clause 11.02-1S) refers to the consideration of land supply at a municipal level. As Dimboola is one of Hindmarsh Shire's key urban areas it is important to ensure there is sufficient residential land supply in the township for a mixture of housing typologies including rural residential allotments. Importantly, identified supply should be realisable.
- 6 Clause 16.01 of the State Planning Policy Framework relates to Housing Supply and the objective "to facilitate well-located, integrated and diverse housing that meets community needs". The provision of LDRZ land, in combination with a range of other residential zones, performs an important role in supporting housing diversity

Residential Land Supply Context

- 7 Based on an assessment of land supply, the study area's existing residential land supply provides for around 200 lots, taking into account existing vacant lots and larger development sites. However, it should be noted that some of this supply may not be available to the market, nor developable.
- 8 Of the 200 lots of supply, rural residential land represents 79 lots, of which LDRZ supply is only 5 lots reflecting a notable undersupply of LDRZ land, and a shortage of residential diversity.

Population and Dwelling Growth

- 9 The study area's population in 2020 is estimated at approximately 1,690 persons, decreasing from 1,780 persons in 2006, with an average annual growth of -90 persons or -0.4% for the period, based on official ABS data.
- 10 Projected demand for new dwellings in Hindmarsh over the 2021 to 2036 period decreases by approximately -60 dwellings, or -4 dwellings per annum.

- 11 Under the ‘business as usual’ approach however, and due to a decline in the occupancy rate for dwellings (82.7% to 73.8% at a municipal level), an increase in the number of dwellings in Dimboola would still be required to support a stable or declining population.
- 12 Given the extent to which population trends can shift (often quite quickly) and having regard for the strong outlook for regional growth in the post-COVID19 environment, caution should be applied in relying purely on past trends to predict future trends.

Why the Proposed Development Concept is likely to alter the Dimboola Residential Market

- 13 Dimboola is considered likely to represent the urban area with the most potential for population growth in Hindmarsh Shire. This is partly due to Dimboola being situated 38kms (a 25-minute drive) from Horsham. Proximity to Horsham provides relatively convenient access to higher order retail, commercial, medical and educational services. Conversely, Horsham’s proximity to Dimboola provides an opportunity for Dimboola to act as an alternative to Horsham, particularly for those seeking an affordable semi-rural lifestyle.
- 14 The sense that Dimboola may have already been ‘discovered’ from a housing market perspective is demonstrated by the town’s median house price increasing by +150% since 2012 compared Horsham (+58%).
- 15 Despite an adequate level of theoretical supply, it is considered unlikely that much of the existing stock of vacant lots and subdividable land will prove an attractive proposition to buyers looking to move to Dimboola and build a home.
- 16 Local agents commented that demand for housing in Dimboola and the wider region has been strong in recent times with all types of housing products selling relatively quickly compared to previous years. In terms of land sales, buyers are looking for a wide variety of land types with larger lifestyle lots the most popular with residents wanting to move to the area
- 17 Increased growth in vacant land sales of 2,000m² to 20,000m² commenced in 2018, and has since been stable at around 85 sales a year. With the onset of the COVID-19 pandemic and the establishment of new priorities for consumers relating to where and how they live/work, 2020 recorded the largest number of vacant lifestyle lot sales in a selection of Wimmera and Mallee municipalities.
- 18 The proposed development concept offers a new product for the township and has the potential to attract buyers from Horsham and beyond, particularly those who seek a lifestyle property in a township that offers access to commercial, medical, educational and community essentials services. Moreover, the proposed concept utilises the surrounding landscape by offering a premium living opportunity along the Wimmera River.
- 19 Having regard for the trends and current market conditions in Dimboola and noting the surge in regional demand as a consequence of the COVID-19 pandemic, it is considered there is potential for a ‘supply led’ demand scenario in Dimboola, provided that supply is well-presented and responds to the market preference for lifestyle lots.
- 20 At full development (when all dwellings are constructed), an estimated \$48.2 million will have been collectively spent by residents in order to build their homes. Moreover, full development is likely to result in approximately a \$38.6 million injection into the local economy.
- 21 An estimated \$4.2 million (2021 dollars) will likely be spent by new residents in the proposed development. With approximately 40% (“or \$1.7 million) likely to be retained in the township.

- 22 The proposed development at the Subject Land is expected to increase the number of school aged residents to the township and assist with ensuring local schools remain sustainable.
- 23 All three tiers of government generally promote population growth in regional areas and, in that regard, that proposed development supports government regional growth policies.