17 November 2025
John Ayers
JDA Planning Pty Ltd
Obo NG & LM Machen
Email: john@jdaplanning.com

Dear John,

Residential supply and demand – 319 Murchison Hwy, Somerset

On your request, SGS has undertaken a quick review of publicly available data on the demand and supply for housing in the Somerset area, in relation to your client's proposed rezoning of 319 Murchison Hwy, a 12.9 ha site of Agricultural land to Low Density Residential.

Issue raised by Council

Waratah-Wynyard Council, in its letter to JDA Planning from 10 July 2025, seeks additional information, among others, on the need for more residential land. This letter refers to the Cradle Coast Residential Demand and Supply Study (**CCRDSS**) and the Liveability Waratah-Wynyard Settlement Strategy (**WWSS**). These documents, according to Council, do not identify a need for additional residential land in Waratah-Wynyard.

High level review of supply and demand for residential uses in the Somerset area

For the high-level review, I relied on publicly available information, more specifically the CCRDSS and WWSS. This section summarises my key takeaways from both documents. It is my understanding that the CCRDSS will be an important document informing the review of the regional land use strategy.

<u>CCRDSS</u>

The study analyses supply of residential land and projects demand for housing, and then compares both to assess the available capacity for growth.

On the supply side, it makes distinction between readily available land lots to the market, land with relatively high certainty of being realised and land categories that are increasingly less likely to being realised and/or only possibly available in the long term.

In total, there are 1,646 lots of residential land available in Waratah-Wynyard, of which 525 (retail) readily available and 396 having approved plans: this means 56% of vacant land supply has a high likelihood of becoming available to the market / being developed. The study concludes that overall the municipality has sufficient land supply. The high vacant supply in the LGA is influenced by the high level of Homes Tasmania land that is all retail or approved lots.

As is generally well known, households have strong preferences for the location of their housing. A sufficient overall supply at the LGA-wide level does not mean that local shortfalls do not exist.

In fact, when looking at the specific situation in Somerset the report states[1] "relatively low supply in Somerset sees forecast demand consume supply by 2042, and as early as 2030 if only vacant supply[2] is considered".

Annual demand in Somerset is projected to be around 11 dwellings on average, based on the demand scenario applied in the report[3].

Somerset has a total supply of 207 lots, with the majority falling into categories that are not highly likely to become available and on underutilised existing residential uses. Only 32 residential lots are highly likely to become available (i.e. retail) and this equates to 15% of the supply.

The report shows that by 2030 there would be an acute shortage of residential land to accommodate demand, based on vacant supply. When taking into account all the land, including land not easily developed and/or unlikely to become available to the market, there would be an acute shortage by 2039.

The report appears to assume that only households requiring permanent housing are a driver for demand (and indirectly population growth). In reality, housing is also absorbed by the demand for non-permanent uses such as second homes and holiday shacks. In some local areas this adds substantially to the demand for housing. Taking this demand into account could further push demand levels up.

<u>WWSS</u>

The strategy sets out the intended settlement pattern for the municipality. It is based on a number of principles. Relevant principles in this context are:

- "Avoid unnecessary expansion of the footprint of towns or villages." Prioritising consolidation over expansion is a well accepted planning principle that drives sustainable development and thriving communities.
- "Respect the views and needs of all who are in the community and the needs of those who will be." Community members have preferences for where and how they want to live, and where reasonable and not undermining the public benefit, these preferences should typically not be ignored.

The settlement strategy was developed prior to the CCRDSS and appears to rely on now outdated population projections by Treasury Tasmania. Treasury updated its projections in recent years in response to years of higher than anticipated population growth. Further, these Treasury projections do not take internal migration between councils into account, which has resulted in lower estimates than observed (real) population change especially in urban fringe and peri-urban areas around Tasmania.

The proposed rezoning aligns with the two strategic principles listed before. The proposed expansion is necessary and also is adjacent to the existing residential area enabling consolidated growth. By allowing the rezoning, the needs and preferences of the community are also met.

[1] Page 58 of the report
[2] This refers to the readily available 'retail' supply
[3] SGS has not undertaken an independent analysis of demand.

Recommendation

As a rule of thumb, an area should always have at least 10 years of vacant supply available. This ensures the market is not distorted by speculation and prices are not being driven up unnecessarily. Tasmania, and Australia in general, is in a housing affordability crisis. Therefore, all effort should be undertaken to avoid further pressure affordability escalations.

Somerset has less than five years of vacant land available and is already at risk of land prices being pushed up because limited supply and choice. Even if all theoretical supply would become available to the market (which is highly unlikely), then in four years time (2029) there would only be 10 years of supply left to 2039 until the market runs completely dry.

In conclusion, there is an urgent need for more vacant residential land in Somerset to meet the needs of the local market. It is my understanding that the proposed rezoning would comprise around 50 residential lots. This means the rezoning could provide the local market with about five years of land supply to meet demand.

Kind regards,

Ellen Witte

Principal, Partner and Executive Director
SGS Economics & Planning Pty Ltd
Canberra, Hobart, Melbourne, Sydney