

NEW NORFOLK RESIDENTIAL LAND NEED & SUPPLY

Prepared for Noble Ventures Pty Ltd
December 2020

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COVID-19 AND THE POTENTIAL IMPACT ON DATA INFORMATION

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The Report Content and the data and information that informs and supports it is current as at the date of this report and (unless otherwise specifically stated in the Report) necessarily assumes that, as at the date of this report, the COVID-19 Outbreak has not materially impacted the Australian economy, the asset(s) and any associated business operations to which the report relates and the Report Content. However, it is not possible to ascertain with certainty at this time how the market and the Australian economy more broadly will respond to this unprecedented event. It is possible that the market conditions applying to the asset(s) and any associated business operations to which the report relates and the business sector to which they belong could be (or has been) materially impacted by the COVID-19 Outbreak within a short space of time and that it will have a lasting impact. Clearly, the COVID-19 Outbreak is an important risk factor you must carefully consider when relying on the report and the Report Content.

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INTRODUCTION

Project Background

Urbis' Property Economics team has been engaged by Noble Ventures Pty Ltd ("the client") to assess the economic basis for their proposed residential subdivision ("The Mills") on land in New Norfolk, Tasmania ("the site").

The purpose of this assessment is to present an evidence-based economic case for the site's rezoning. The site's zoning was changed to Low Density Residential and Rural Living zoning years after a permit for 738 residential lots on the broader land had been issued. That permit (issued in 2005) has been partially acted upon (193 lots developed under former ownership, allowing for a further 545 lots to be developed); however, Noble Ventures are now seeking a revised development outcome that better meets needs of the market. The proposed new development is referred to as "The Mills".

The Mills' master plan will deliver 545 residential lots, which is what is allowed for in the site's existing permit; however, the master plan requires a Planning Scheme amendment to rezone part of the site and apply a Specific Area Plan to accommodate a revised layout for 329 of the 545 lots, with smaller lot sizes than is permissible under the site's current zones.

The proposed lots are smaller in size than the previous low-density permit, with the excess land to be used to provide significant open and recreation spaces (including walking and bike trails). As a result, this enhanced master plan will offer residents a highly liveable environment that respects the site's scenic landscape, while at the same time, providing the housing lot size that is in demand.

This assessment is intended to include:

- Detailed land supply assessment, including an analysis of nominally available residential land in the Derwent Valley versus actually available land. This looks at zoned available land and land identified for future residential growth.
- Historical take up of residential zoned land in the Derwent Valley.
- Commentary on migration trends – to consider influences such increased desirability of areas like New Norfolk for those looking to commute to Hobart.
- Detailed explanation of how the rezoned land (same lots, more liveable) is consistent with the Southern Tasmanian Land Use Strategy.
- Consideration of the extent to which the Urban Growth Boundary could be considered out of date based on the above.

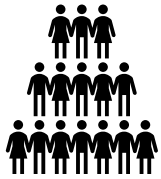
To address these abovementioned requirements, we have developed a tailored approach which is detailed to the right.

Our Approach and Report Structure

To fulfil the purpose of this assessment, Urbis has adopted the following approach and report structure:

- **Key Findings** highlights key findings from this economic assessment, namely, the currency of residential demand and supply analysis in relevant planning documents, economic opportunities arising from the master plan, and how the master plan addresses the Southern Tasmania Regional Land Use Strategy.
- **Development Context** identifies the location of The Mills within New Norfolk, considers the site's attributes and context that influence its potential to attract new residents from across the catchment, and outlines the proposed master plan.
- **Review of Key Policies** reviews and summarises relevant sections of key policy documents that address residential growth in the area (Southern Tasmania Regional Land Use Strategy, Derwent Valley Community Strategic Plan, New Norfolk Structure Plan).
- **Settlement and Migration Patterns** analyses settlement trends and migration patterns to understand the catchment that New Norfolk can attract new residents from. This analysis also reflects more recent settlement and migration patterns after the Southern Tasmania Regional Land Use Strategy declared an Urban Growth Boundary around metropolitan areas of Hobart in 2011.
- **Demographic Trends** identifies demographic trends in the study area that represent economic opportunities for the master plan.
- **Forecast Population Growth** considers and evaluates state government population projections to forecast population growth and dwelling demand.
- **Residential Sales and Land Supply Analysis** considers residential sales and residential-zoned land supply in Derwent Valley (with a focus on New Norfolk). Current market demand is discussed by analysing sales data and consulting local real estate agents. Suitability of existing residential-zoned land supply in New Norfolk to address current market demand, is then further discussed.
- **Economic Contribution of the proposed residential subdivision** discusses wider economic benefits (e.g. job creation) presented by the residential estate. This is based on a report by BDO Services Pty Ltd (dated 3 December 2020), which has been provided to Urbis.
- **Conclusion: The Mills - Addressing Market Needs** considers all the analysis undertaken to identify opportunities for The Mills to address market needs, whilst supporting the Southern Tasmania Regional Land Use Strategy. Here, we also analyse residential land demand and supply in New Norfolk, and therefore, The Mills' role in meeting New Norfolk's housing demand.

KEY FINDINGS



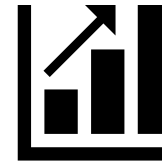
POPULATION AND DEMOGRAPHIC TRENDS

- Since 2012 (after the Southern Tasmania Regional Land Use Strategy was declared in 2011), Tasmania and metropolitan Hobart have experienced stronger than anticipated population growth.
- Over 2008-11, metropolitan Hobart's population growth was slowing from 1.4% (2008-09) to 0.8% (2010-11); however, most recently from 2016-19, population growth has increased to 1.5% p.a., consistently.
- As a result, faced with rising housing prices in metropolitan Hobart, a sizeable number of metropolitan Hobart residents have been flowing to nearby areas (like New Norfolk).
- This has led to New Norfolk's notably stronger population growth over 2016-19, surpassing State Government forecasts.
- New Norfolk's broad appeal is attracting a wide range of new residents – young families, downsizers, and young adults.
- Smaller household formations (couples with no kids, lone persons) are also on the rise. So are renting households.



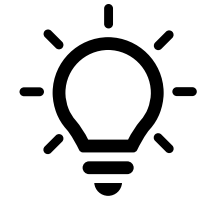
RESIDENTIAL SALES & LAND SUPPLY ANALYSIS

- In response to population and demographic trends (including decreasing household sizes), sales evidence indicates shifting market demand in Derwent Valley LGA towards smaller lot sizes and smaller product types.
- Lots in the 600-800 sq.m range are clearly the most popular amongst buyers.
- Smaller product types (2 and 3-Beds) are increasingly popular, relative to larger product types (4+Beds).
- With shifting market demand towards smaller lot sizes and product, there appears to be healthy demand for new stock that is affordable and addresses recent market demand.
- However, this growing demand is being met with very limited new stock, given limited current and future residential-zoned land that is suited for residential development.
- If the limited supply pipeline is not addressed, there is a risk that scarcity will increase, leading to further price increases.



ECONOMIC CONTRIBUTION OF THE MILLS

- Besides being a response to market need (as detailed adjacent), The Mills' residential subdivision will make important economic contributions to local and state economies:
- Employment: Within the first year (FY21), 62 FTE jobs are likely to be created for the State through construction activity (30 in Derwent Valley), ramping up over FY22-32 to 173 FTE jobs on average for the State per annum (81 in Derwent Valley).
- Gross State/Regional Product: Within the first year (FY21), \$10m gross state product is expected to be generated for Tasmania (\$5.9m for Derwent Valley), ramping up over FY22-32 to \$43m gross state product on average for Tasmania per annum (\$30m in Derwent Valley).
- Tax Revenue: Tax revenue to the Tasmanian Government will average approximately \$1.4m per year between FY21 and FY40. Revenue to Derwent Valley Council is expected to ramp up from \$30k in FY21 to \$900K per annum from FY31.



THE MILLS' RESPONSE TO MARKET NEED

- The Mills masterplan supports the intent of the Southern Tasmania Regional Land Use Strategy: to achieve residential growth through a mix of in-fill and greenfield development (being a rare residential-zoned greenfield site in New Norfolk), and to be responsive to future needs.
- The Mills also addresses market demand and need for:
 - Smaller, more affordable lots
 - Planned community and major developer backing to provide buyers with confidence on timely, reliable delivery of new stock.
 - Greater housing choice and diversity by introducing new stock and smaller lots (that also appeal to renters).
- Further, based on our residential demand/supply analysis, excluding The Mills, New Norfolk has only around 12 years' supply of residential land (some which may not support additional housing supply in the short term).
- Therefore, The Mills plays an important role in delivering more immediate housing supply in New Norfolk.

01 DEVELOPMENT CONTEXT

Section Highlights:

- The Mills site is located in New Norfolk, a township just outside metropolitan Hobart and circa 35km from Hobart CBD.
- New Norfolk is fast-emerging as a major commuter town for those working in metropolitan Hobart, and as an attractive place to live.
- The Mills masterplan is an enhancement from the older subdivision plan approved in 2012:
 - More recreation and open spaces (+30 Ha).
 - Responds better to the site's scenic environment, with more landscaping within the site.
 - Proposed lot sizes are in the range of 700 to 1,000 sqm, which is aligned with current market demand.



REGIONAL CONTEXT

Overview

The Mills site is located in New Norfolk, a river town on River Derwent in Tasmania.

New Norfolk is fast-emerging as a major commuter town for those working in Hobart CBD (and its surrounding metropolitan area). Approximately 30-35km north-west of Hobart CBD via the Lyell Highway, New Norfolk offers its residents accessibility to Hobart CBD. New Norfolk is also on the north-western border of Greater Hobart.

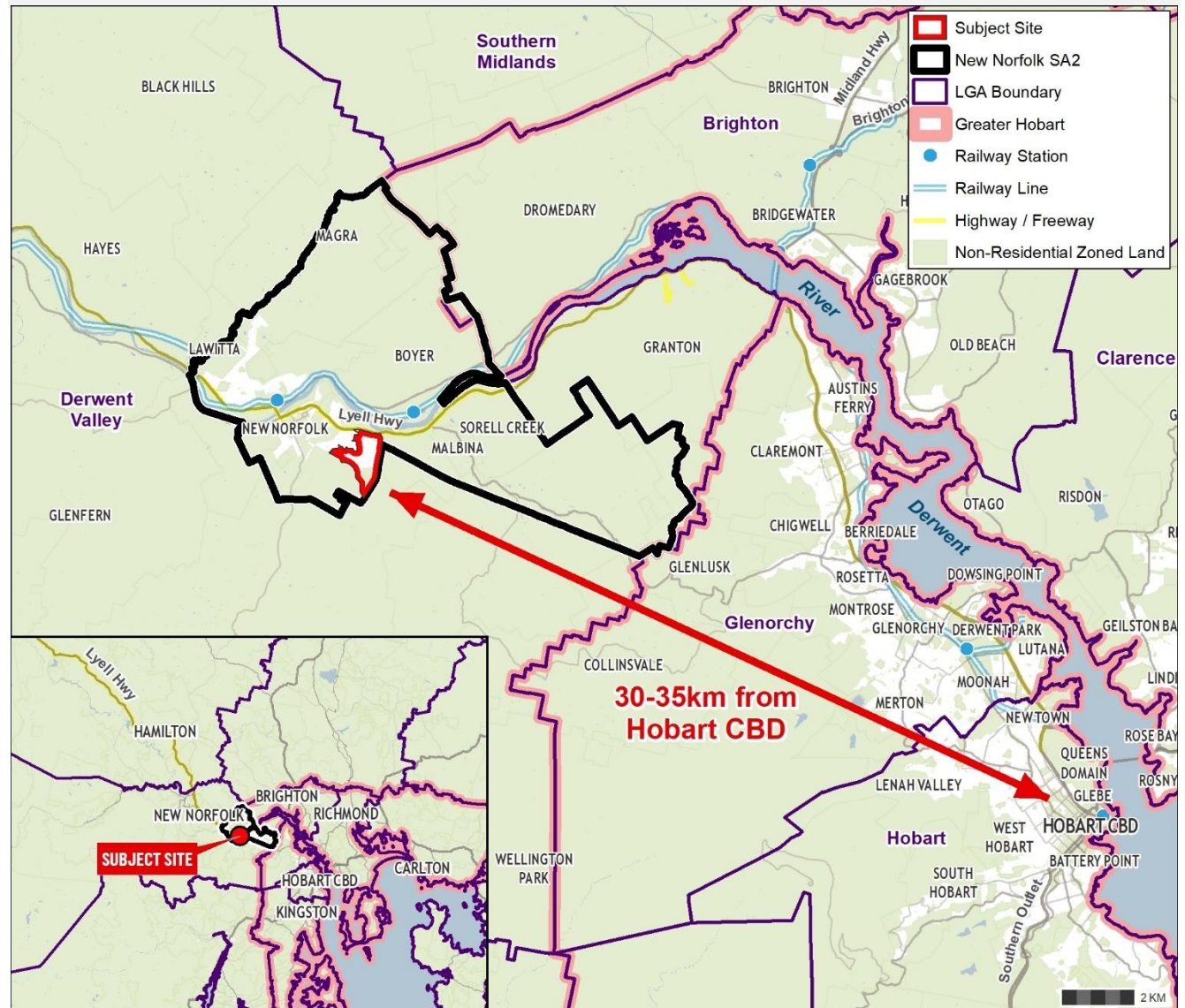
Situated in the Derwent Valley local government area (LGA), New Norfolk serves as a town centre for the rest of Derwent Valley LGA and its surrounding rural areas.

Other highlight features of New Norfolk include:

- Its scenic environment, with river, mountain and valley views, particularly around the eastern end of New Norfolk (where The Mills site is).
- Vibrant brewery scene which has emerged out of New Norfolk's rich hop-growing history. In fact, New Norfolk still serves as a centre for surrounding hop-growing areas.
- Many historical buildings, including Tasmania's oldest church – St Matthews Anglican Church.
- Local shops which comprise an eclectic mix of vintage and antique shops.

All these characteristics make New Norfolk an attractive place to live and visit.

Regional Context Map



SITE CONTEXT

Overview

The Mills site is located to the south east of the current New Norfolk township.

Lyell Highway runs along the site's northern border. Currently, road access to the site is limited; however, the master plan provides for new roads that will connect the site with New Norfolk's town centre.

Local Amenity & Retail

A key highlight of the site is that it offers scenic views of hills surrounding New Norfolk, such as Peppermint Hill (west) and Mount Dromedary (north). To the north of the site, beyond Lyell Highway, is also River Derwent.

New Norfolk's town centre is circa 1.5km from the site. The town centre is home to local amenities including a Woolworths supermarket, dining options and bakeries.

The closest commercial activity to the site is Phoenix Garden, a garden centre that sells farming supplies. It is just under 400m west of the site.

Transport & Accessibility

The site is situated along the Lyell Highway, which is a major highway that connects Hobart to the north and west coasts of Tasmania. Lyell Highway also connects the site directly with metropolitan Hobart (including Hobart CBD).

Employment & Education

The closest employment cluster is New Norfolk's town centre (1.5km).

New Norfolk High School (4.5km) and New Norfolk Primary School (4km) are a short drive away.

Site Context Map



THE MILLS MASTER PLAN

Overview

Here we summarise The Mills master plan, and how it is enhanced from the previously approved subdivision plan.

The tables adjacent reflect allocation of zone areas within the site to residential subdivision and recreation spaces. The table above reflects The Mills master plan as at 30 August 2020, whereas the table below reflects the older subdivision plan endorsed in 2012. Key enhancements since the older subdivision plan are:

- More recreation and open spaces (+30 Ha). They include recreation and walking trails that weave through the site. These recreation spaces will further enhance residents' quality of life, encouraging residents to stay active and healthy.
- The new master plan also responds better to the site's scenic environment, with more landscaping within the site.
- As a result, developable land for residential subdivision has been reduced, which inevitably, increases residential density.
- Proposed lot sizes are in the range of 600 to 1,100 sqm, which is aligned with current market demand (as will be discussed later).

Having said that, the proposed number of residential lots equates to the same as what was already approved (738 lots) in the 2012 subdivision plan. A total of 193 lots were previously developed by the former land owners. Omega Investments are in the process of developing 216 lots (of 545 total) to the existing subdivision layout. The remaining 329 lots will be subject to this Planning Scheme Amendment. As such, the overall scale of the residential development remains the same.

The Mills Master Plan – 30 Aug 2020

Zone Area	Residential Area (Ha.)	Recreation/Open Space Area (Ha.)	Total Area (Ha.)
General Residential	16.50	21.74	38.23
Low Density Residential	25.13	22.49	47.62
Rural Living	11.83	20.65	32.48
Total:	53.45 (-30.04)	64.88 (+30.04)	118.33

Approved Subdivision Plan - 2012

Zone Area	Residential Area (Ha.)	Recreation/Open Space Area (Ha.)	Total Area (Ha.)
General Residential	16.29	21.95	38.24
Low Density Residential	37.54	9.75	47.30
Rural Living	29.66	3.13	32.79
Total:	83.49	34.84	118.33

THE MILLS MASTER PLAN

- The illustration below reflects the enhanced The Mills masterplan and its open space network.
- We note that the master plan spans two sites – a smaller site ('Central Zone') which is adjacent to the town centre, and a larger site where residential subdivision is concentrated.
- The central zone will accommodate various services and non-residential uses which benefit The Mills residents, other local residents in New Norfolk, and visitors to the region. It is therefore a vital aspect of the master plan; however, within the scope of this assessment, our focus is on the larger site, which will accommodate residential subdivision lots.

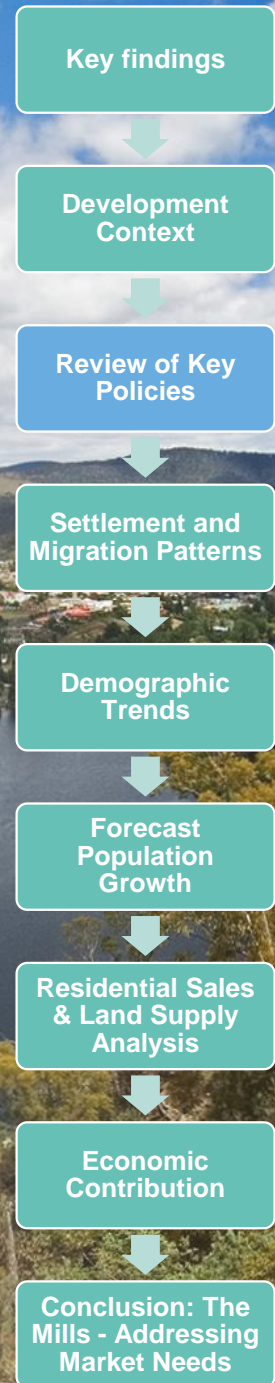


02 REVIEW OF KEY POLICIES

Section Highlights:

- This section reviews and summarises relevant sections of key policy documents that address residential growth in the area:
- *Southern Tasmania Regional Land Use Strategy*:
 - To fulfill its intent of facilitating future growth, the Strategy recognises that it should be reviewed on an ongoing basis.
 - Key aspects of the strategy that are relevant to our assessment:
 1. Definition of metropolitan Hobart: The strategy defines metropolitan Hobart as including the following LGAs: Hobart, Glenorchy, Clarence, Brighton, Kingborough, Sorrell. We adopt this definition in our assessment.
 2. Urban Growth Boundary: The strategy then defines an urban growth boundary around metropolitan Hobart, which designates metropolitan Hobart for more intense residential development, compared to areas outside the boundary. New Norfolk sits right on, but outside this boundary. Based on recent years' outflow of metropolitan Hobart residents into surrounding areas (including New Norfolk), this boundary could be reconsidered.
 3. Growth scenario for New Norfolk: The strategy also prescribes a mixed growth scenario to New Norfolk. Under this scenario, residential growth is to be achieved through a mix of infill and greenfield development.
- *Derwent Valley Community Strategic Plan 2030*:
 - Identified a need for: more housing affordability in New Norfolk (that can be addressed by additional housing supply), and diversity of housing types and tenures in Derwent Valley.
- *New Norfolk Structure Plan (2016)*:
 - Background residential demand-supply analysis was undertaken, based on assumptions including:
 1. Existing General Residential zoned land with existing on-site developments can be densified;
 2. All vacant residential zoned land is considered suitable for development to meet local housing needs and preferences

We revisit and evaluate these assumptions later in the report.



SOUTHERN TASMANIA REGIONAL LAND USE STRATEGY (2010-2035): INTENDED TO BE A LIVING INSTRUMENT THAT IS RESPONSIVE TO FUTURE CHANGES

Overview

Here, we discuss the Southern Tasmania Regional Land Use Strategy's role in shaping future growth across the Southern Tasmanian region (which New Norfolk is a part of). Overleaf, the strategy's directions for residential growth in New Norfolk, will be further discussed.

The Southern Tasmanian Region (illustrated in the map adjacent) comprises 12 local government areas:

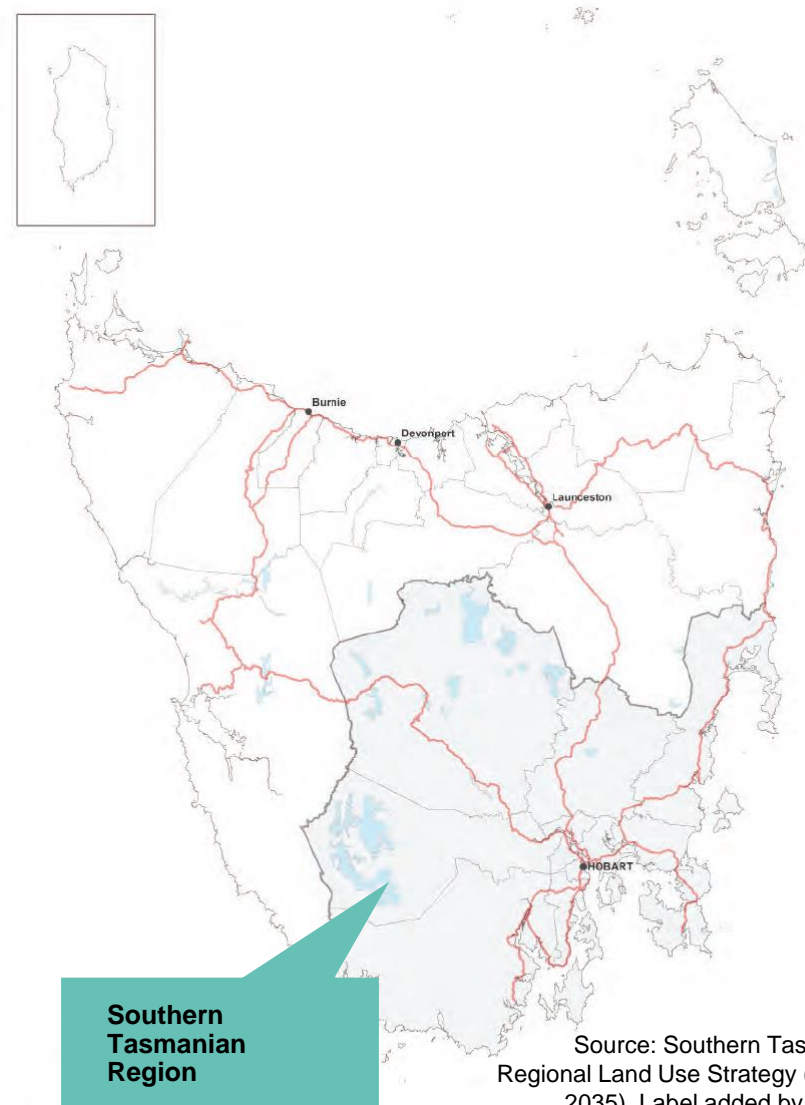
- Derwent Valley (which includes New Norfolk), Brighton, Central Highlands, Clarence, Glamorgan Spring-Bay, Glenorchy, Hobart, Huon Valley, Kingborough, Sorell, Southern Midlands and Tasman.

The Southern Tasmania Regional Land Use Strategy ("the Strategy") is a key strategy document that is intended to facilitate and manage future growth across the Southern Tasmanian Region in the years to 2035. The Strategy sits above sub-regional and local strategies, guiding State and Local government decision-making on future investment, development and infrastructure within the region.

Given its purpose of facilitating future growth, the Strategy recognises that it should be reviewed on an ongoing basis. This is to ensure its continued relevance as a living instrument that is responsive to future changes. The strategy also acknowledges that it was developed under timing and budgetary constraints; as such, it recognises that there are opportunities to further progress the analysis that underpins the Strategy.

However, since the Strategy was declared in 2011, it has not been comprehensively reviewed for its relevance to more recent and future changes. The Strategy underwent a minor review in 2013, which resulted in small adjustments to the urban growth boundary at Rokeby (effective 19 February 2020). Otherwise, it has remained largely unchanged since 2011.

Map of The Southern Tasmanian Region



Source: Southern Tasmania
Regional Land Use Strategy (2010-
2035). Label added by Urbis.

SOUTHERN TASMANIA REGIONAL LAND USE STRATEGY (2010-2035): STRATEGIC DIRECTIONS FOR RESIDENTIAL GROWTH IN NEW NORFOLK

Key Insights

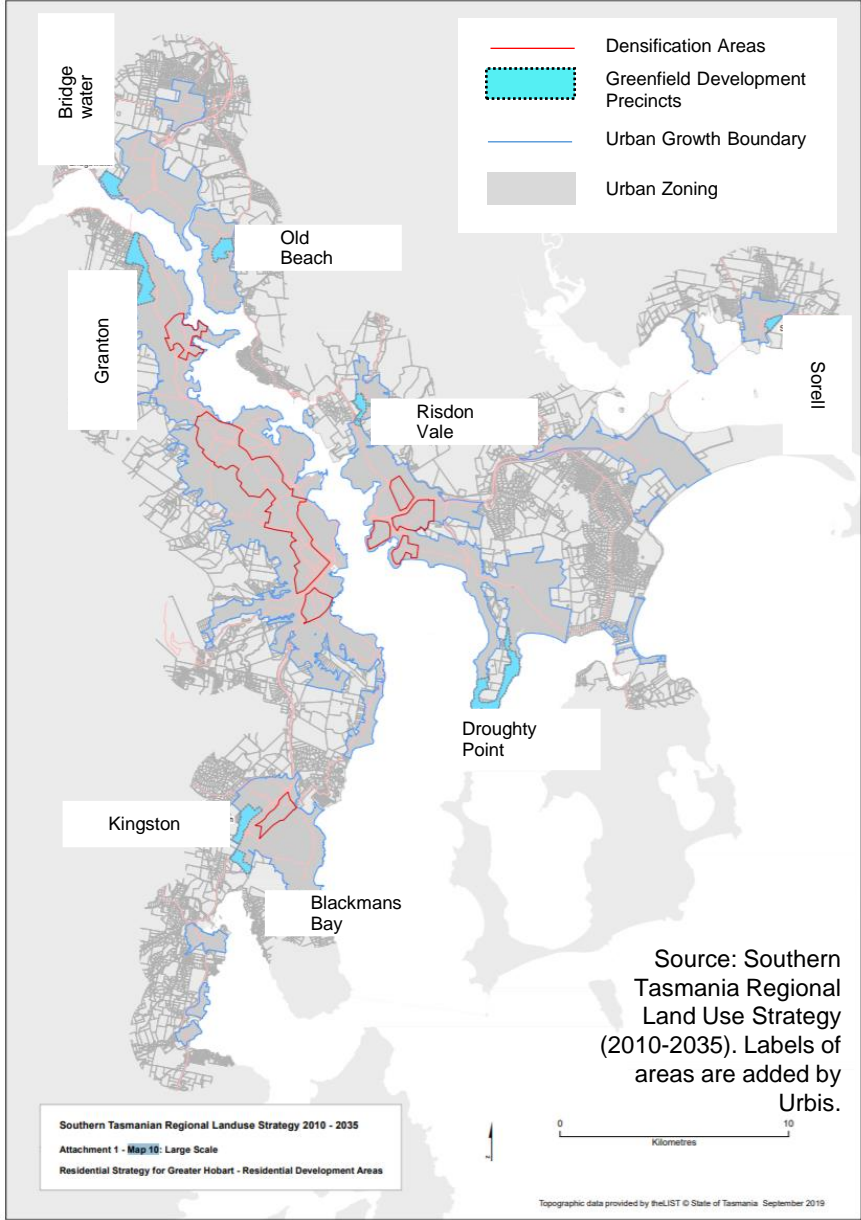
The table adjacent summarises the Southern Tasmania Regional Land Use Strategy's strategic directions for residential growth in New Norfolk, which is classified as a Major District Centre in the Strategy. Key areas to note are:

- **High Growth Strategy's new dwelling target for New Norfolk:**
 - As indicated in the table adjacent, a high growth strategy has been assigned to New Norfolk. This enables an addition of up to circa. 735 new dwellings over the period from 2011 to 2035 (or up to circa. 29 new dwellings per year).
 - However, this new dwelling target (of up to circa. 29 per annum) is lower than New Norfolk's average new dwelling approvals per year (circa. 38) in the 5 years prior (2006-11).
 - Further, the target is calculated based on a proportion of existing dwelling stock in 2011, rather than being guided by future dwelling demand.
- **Mixed Growth Scenario's requirements when seeking expansion of residential zone (mix of greenfield and infill development):**
 - As indicated in the table adjacent, New Norfolk's residential growth is subject to the mixed growth scenario. This means that when seeking to expand New Norfolk's residential zone, there is a requirement to assess yield capacity and vacancy of existing residential-zoned land.
 - We note that the abovementioned criteria has not considered suitability of vacant residential-zoned land to meet changing market needs.
- **New Norfolk is outside the Urban Growth Boundary (detailed overleaf), despite being located within Greater Hobart:**
 - That said, the Urban Growth Boundary was defined in view of settlement and population growth trends in 2011. At that time, population growth and development activity were concentrated in Greater Hobart's metropolitan areas; hence, those metropolitan areas were included within the Urban Growth Boundary.
 - However, the growing appeal of settlements outside Greater Hobart's metropolitan areas in more recent years (whilst recognised), may not have been given full consideration. These recent trends will be discussed further in the next section ("Section 2.0: Settlement and Migration Patterns").

Strategic Directions for Residential Growth in New Norfolk

Function/ Strategy	Description
Major District Centre	The strategy categorises New Norfolk as a major district centre. The function of a major district centre is to serve as an important centre that provides the region's residents and visitors with access to a wide range of services, education and employment opportunities.
High Growth Strategy	<p>A high growth strategy is prescribed to New Norfolk. This strategy enables a 20% to 30% increase on number of dwellings in 2011 (year the strategy was declared), by 2035.</p> <p>As at Census 2011, there were estimated 2,455 dwellings in New Norfolk (SA2). A 20% to 30% increase amounts to up to circa. 735 new dwellings in New Norfolk (SA2) between 2011 and 2035 (or up to circa. 29 new dwellings per year).</p>
Mixed Growth Scenario	<p>New Norfolk's high growth strategy is also subject to a mixed growth scenario. A mixed growth scenario indicates that residential growth should be achieved through a mix of greenfield and infill development.</p> <p>The strategy recognises that under this scenario, there may be a need to expand the residential zone, subject to an assessment of yield capacity and vacancy of existing zoned land.</p>
Outside the Urban Growth Boundary	<p>New Norfolk is situated outside the Urban Growth Boundary, as defined in the Strategy and detailed overleaf.</p> <p>In areas within the Urban Growth Boundary, more intensive residential development is being facilitated by residential land releases; however, these areas are limited to Greater Hobart's metropolitan areas.</p>

SOUTHERN TASMANIA REGIONAL LAND USE STRATEGY (2010-2035): URBAN GROWTH BOUNDARY



The map adjacent illustrates the Urban Growth Boundary that is defined by the Southern Tasmania Regional Land Use Strategy. Areas within the Urban Growth Boundary (detailed in table below) are metropolitan areas of Greater Hobart. They are designated for more intensive residential development, compared to areas outside the Urban Growth Boundary. As such, residential land is being released in these metropolitan areas to facilitate greenfield and infill residential development.

Type of Residential Growth	Designated metropolitan areas within the Urban Growth Boundary
Greenfield Development Precincts	<ul style="list-style-type: none"> • Bridgewater North • Brighton South • Droughty Point Corridor • Gagebrook/Old Beach • Granton (Upper Hilton Road up to and including Black Snake Village) • Midway Point North • Risdon Vale to Geilston Bay • Sorell Township East • Spring Farm/Huntingfield South
Infill Residential Growth Areas	<ul style="list-style-type: none"> • Glenorchy LGA • Hobart LGA (or City of Hobart) • Clarence LGA • Brighton LGA • Kingborough LGA
Densification Areas	Areas within 400 to 800 metres of integrated transit corridors and Principal and Primary Activity Centres, subject to heritage constraints.

Note: This strategy defines metropolitan Hobart as including the following LGAs: Hobart, Glenorchy, Clarence, Brighton, Kingborough, Sorrell.

DERWENT VALLEY COMMUNITY STRATEGIC PLAN 2030: LOCAL NEED FOR MORE AFFORDABLE AND DIVERSE HOUSING OPTIONS

Key Insights

The table adjacent summarises local housing-related needs and strategic actions identified by Derwent Valley Council in the Derwent Valley Community Strategic Plan 2030, prepared in 2018. Their implications for residential growth in New Norfolk are discussed below.

The Derwent Valley Community Strategic Plan (2030) is the Council's strategic plan for the local government area (which New Norfolk is a part of). The purpose of this local strategic plan is to guide Council's priorities over the period from 2020 to 2030 when delivering services, programs and works. As part of developing this strategic plan, Council consulted with local residents across Derwent Valley LGA (including New Norfolk), to identify local needs.

The local strategic plan identified housing-related needs and strategic actions (summarised in table adjacent), which point to the following implications:

- **Potential for increased housing supply:**
 - As indicated in the table adjacent, New Norfolk residents expressed that having more affordable housing options was a priority need for them.
 - Increased housing supply can potentially address housing constraints, as a result contributing to improved housing affordability in New Norfolk.
- **A need for more diverse housing types and tenures:**
 - As indicated in the table adjacent, Council's priority strategic actions include seeking to offer local residents more housing choice.
 - This signals a need for diverse housing types (including higher density housing) and tenures (including rental options) that can meet residents' diverse needs.

All up, this local strategic plan suggests that there is a local need for greater housing supply and diversity, to provide residents of Derwent Valley LGA (and New Norfolk) with more housing choice and affordability.

Local Housing-related Needs & Strategic Actions Identified

Need/ Strategic Action by Council	Description
Need for more affordable housing in New Norfolk was identified.	<ul style="list-style-type: none"> • Through resident consultations on the Derwent Valley Community Strategic Plan, New Norfolk's residents expressed that having more affordable housing options was an important priority for them.
Strategic Actions 6.10, 6.11: Improving Housing for Diverse Needs	<ul style="list-style-type: none"> • Further, the Derwent Valley Community Strategic Plan is seeking to achieve more diverse housing options through the following strategic actions: <ul style="list-style-type: none"> ○ Strategic Action 6.10: Facilitate partnerships with private and NGO housing providers to understand housing and rental needs of the local community. ○ Strategic Action 6.11: Develop and implement a sustainable housing strategy which considers housing and rental options (including cooperative housing).

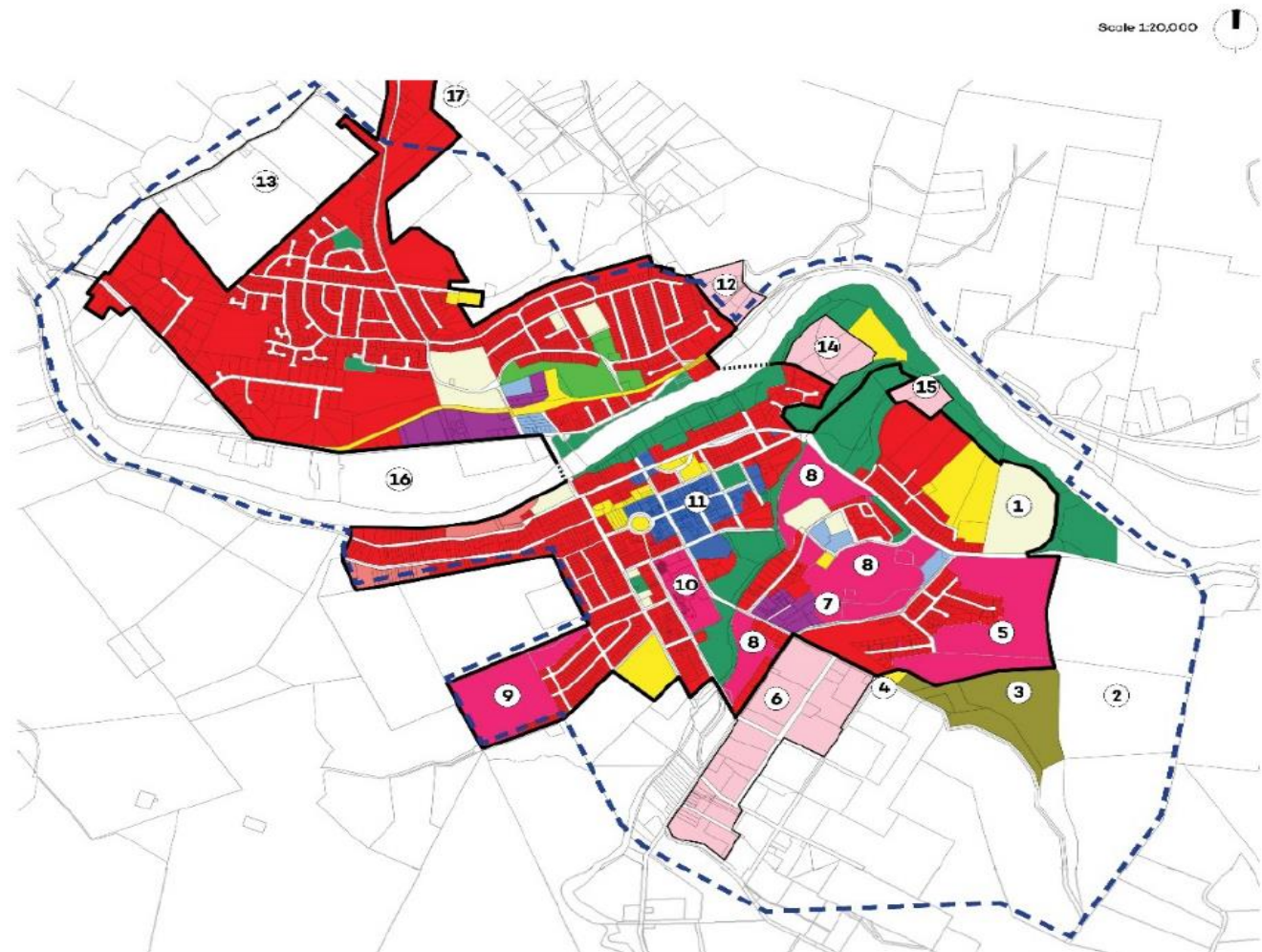
NEW NORFOLK STRUCTURE PLAN (2016): OVERVIEW

- The New Norfolk Structure Plan (2016) – illustrated in the overleaf, dated 25 May 2016, is a local strategic land use document developed by the Derwent Valley Council, to direct future land use and development within New Norfolk over the period from 2016 to 2035.
- This structure plan sits within the Resource Management and Planning System of Tasmania (RMPS) and under the umbrella of the Southern Tasmania Regional Land Use Strategy (discussed earlier). As such, the Structure Plan is expected to be consistent with key objectives and outcomes outlined in State Policies, RMPS and the Southern Tasmania Regional Land Use Strategy.
- In line with evidence-based planning, background analysis (including residential demand and supply analysis) was conducted to support the Structure Plan's planning outcomes.
- Areas 2 and 8 in the Structure Plan map (see overleaf) relate to the master plan; however, within the scope of this assessment, our analysis focuses on Area 2. Area 2 is zoned General Residential, Low Density Residential and Rural Living, and is where proposed residential lots are concentrated. Our analysis also assumes that there is no site contamination; hence if any contamination risks become known, the analysis in this report would need to change.
- The Structure Plan recommends that Area 2 be rezoned to Rural Resource. This recommendation is based on background residential demand and supply analysis, which concluded that existing residential-zoned land amounted to an 85 to 100 year supply of residential land. We will further discuss this residential demand and supply analysis overleaf.

NEW NORFOLK STRUCTURE PLAN (2016): OVERVIEW

LEGEND

- Settlement boundary
- Residential
- Low density residential
- Rural living
- Environmental living
- Light industrial
- Business
- Local business
- Open space
- Recreation
- Community purpose
- Utilities
- Particular purpose



Structure Plan Map 1: Land Use Directions

NEW NORFOLK STRUCTURE PLAN (2016): BACKGROUND RESIDENTIAL DEMAND-SUPPLY ANALYSIS

Key Insights

The table adjacent summarises background residential demand-supply analysis supporting the New Norfolk Structure Plan (2016). Key areas of note are:

- **Approved Subdivision (approved number of lots):** It appears that the analysis has not included previously approved 700+ residential lots on the subject site, which were approved in 2012, prior to the structure plan dated 2016.
- **Underutilised General Residential zoned land:** We note the analysis assumes that existing General Residential zoned land with existing on-site developments can be densified. In practice, this may not be the case, as it is subject to various hurdles, including consent and interest from existing land occupiers, developer appetite, and access to funds.
- **Vacant General Residential zoned and Low Density zoned land:** We note the analysis assumes that all vacant residential zoned land is considered suitable for development to meet local housing needs and preferences. Again this is not necessarily the case.
- **Lot sizes assumed:** The analysis is conducted for 2 distinct lot size scenarios:
 - Scenario 1: Minimum scheme requirement for each zone is assumed. As detailed in the footnotes adjacent, the requirements are: 450sq.m for General Residential zoned land and 1,000sq.m for Low Density zoned land.
 - Scenario 2: 700sq.m per lot

We note that current local market lot size preferences have not been indicated.
- In light of the above, subsequent sections will investigate current local market demand and suitability of vacant land to address that market demand.

Structure Plan (2016) – Dwelling Yield Analysis (New Norfolk)

	Land Area (Approx.)	Dwelling Yield based on min. scheme requirement*****	Dwelling yield based on 700sq.m per lot
Approved Subdivision	N/A	196*	196*
Underutilised General Residential zoned land	44.17Ha	679**	679**
Vacant General Residential zoned land	98.64Ha	1,918***	1,233***
Vacant Low Density Residential zoned land	52Ha	455***	455***
Identified Future Urban land	170Ha	3,305	2,125
TOTAL POTENTIAL DWELLING YIELD****		3,248	2,563

* This is the approved number of lots.

** Assumes 50% reduction in available land due to existing development.

*** Assumes 12.5% reduction in available land due to provision of road, infrastructure and open space.

**** Does not include yield from future urban land.

***** Assumed min. scheme requirement for General Residential zoned land is 450sq.m and for Low Density Residential zoned land is 1,000sq.m, based on the Derwent Valley Interim Planning Scheme (2015). It is further assumed that there is only 1 dwelling per lot.

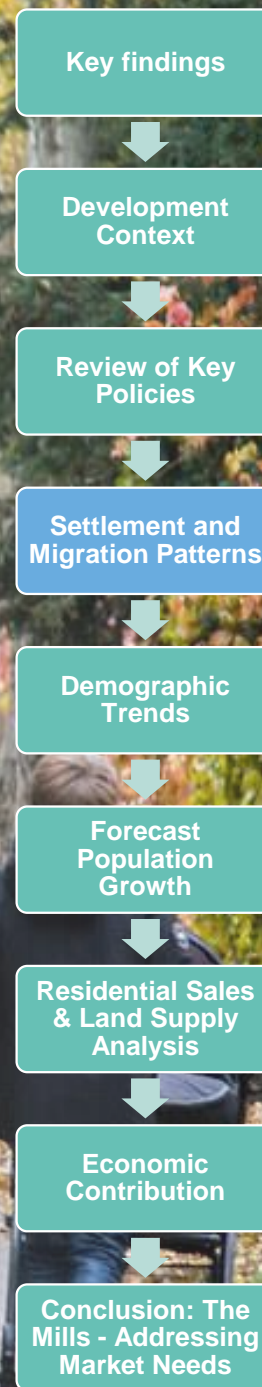
Structure Plan (2016) – Dwelling Demand Projection (New Norfolk)

	Medium Scenario	High Scenario
Average household size 2037	2.3	2.3
Projected population growth 2011-2037	114	854
Projected new dwellings required at 2037	55	410

03 SETTLEMENT AND MIGRATION PATTERNS

Section Highlights:

- This section considers recent settlement and migration patterns after the Southern Tasmania Regional Land Use Strategy was declared in 2011.
- Prior to 2011, Tasmania and metropolitan Hobart were experiencing slowing population growth. For example, over 2008-11, metropolitan Hobart's population growth was slowing from 1.4% (2008-09) to 0.8% (2010-11).
- As such, the Southern Tasmania Regional Land Use Strategy was developed amidst expectations of more subdued population growth.
- Since then, however, population trends have reversed and more recent migration patterns have emerged. These more recent trends indicate that there may be a need to review the Southern Tasmania Regional Land Use Strategy's assumptions and urban growth boundary:
 - Since 2012, Tasmania has experienced stronger population growth, than the years prior. This has had a ripple effect on metropolitan Hobart, which similarly, experienced stronger growth over the same period. Compared with 0.8% population growth over 2010-11, most recently, metropolitan Hobart's population has been growing by 1.5% p.a. consistently over 2016-19.
 - As a result, areas surrounding New Norfolk (namely Brighton, Huon Valley and Glenorchy LGAs) could soon face constrained supply of residential-zoned land that can accommodate their growing populations. This is reflected in their higher forecast population increases per sq.km of residential-zoned land.
 - A sizeable number of metropolitan Hobart residents have also been flowing into non-metropolitan areas; Derwent Valley LGA is becoming increasingly popular among them.
 - In addition, Derwent Valley LGA is attracting an increasing number of people who work in Hobart.
- As such, with quality and diverse housing options, there are opportunities to attract more residents from surrounding areas and metropolitan Hobart.



SINCE 2012, STRONGER POPULATION GROWTH IN TASMANIA AND METROPOLITAN HOBART

Key Insights

The charts adjacent illustrate population trends in Tasmania and metropolitan Hobart over 2001-19. Metropolitan Hobart comprises the LGAs of Hobart, Glenorchy, Clarence, Brighton, Kingborough, and Sorrell (as defined in the Southern Tasmania Regional Land Use Strategy).

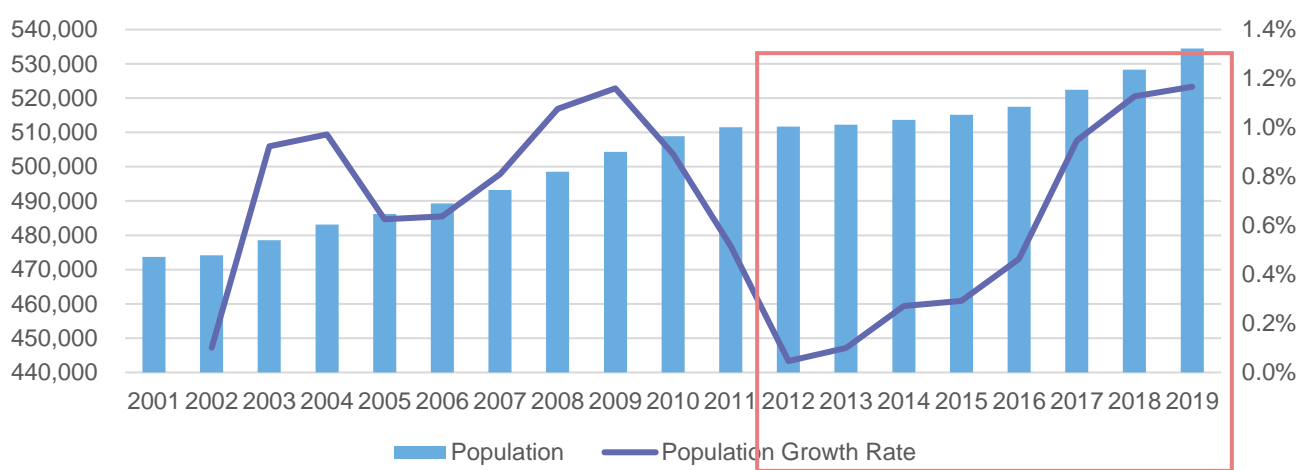
Evidently, since 2012, Tasmania has experienced stronger population growth, than the years prior. This has had a ripple effect on metropolitan Hobart, which similarly, experienced stronger growth over the same period.

Having said that, prior to 2011 (when the Southern Tasmania Regional Land Use Strategy was declared), Tasmania and metropolitan Hobart were seeing declining population growth. As such, the Strategy was developed amidst expectations of more subdued population growth. Since then, population trends have reversed, and population growth has increased significantly, as illustrated in charts adjacent.

This stronger population growth has been driven majorly by net interstate migration, which spiked from 2012. Net overseas migration has also contributed to some degree.

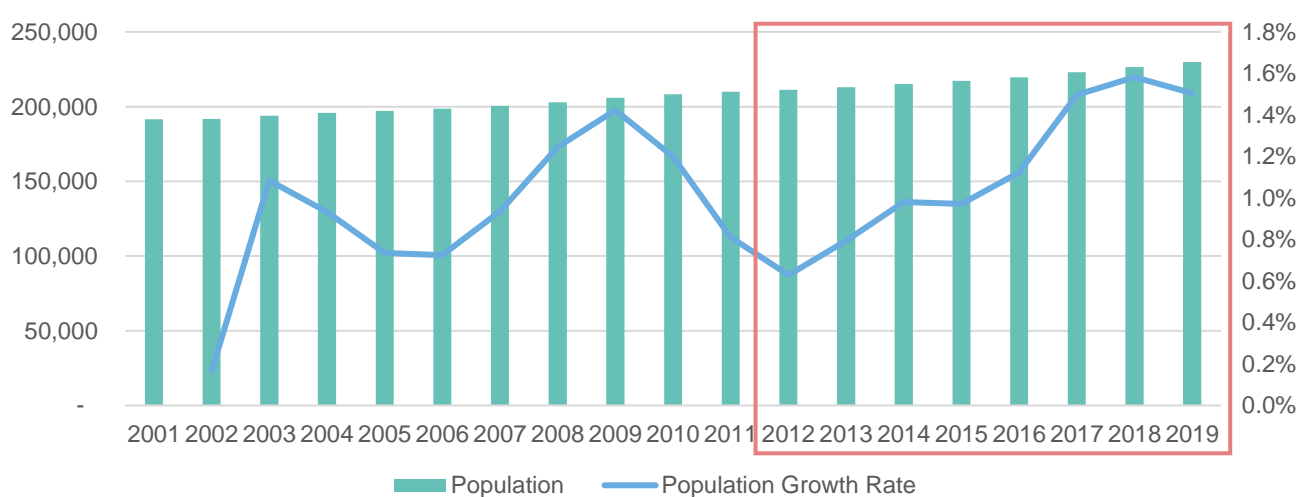
Despite COVID-19's temporary restrictions on interstate and international migration, we anticipate that population growth will recover, given concerted policy intervention. In September 2015, the Tasmanian Government declared Tasmania's Population Growth Strategy. As part of this strategy, the government committed to invest in enhancing Tasmania's job opportunities and liveability, so as to attract migrants and returning Tasmanian diaspora.

Population Growth in Tasmania (2001-19)



Source: ABS, Urbis

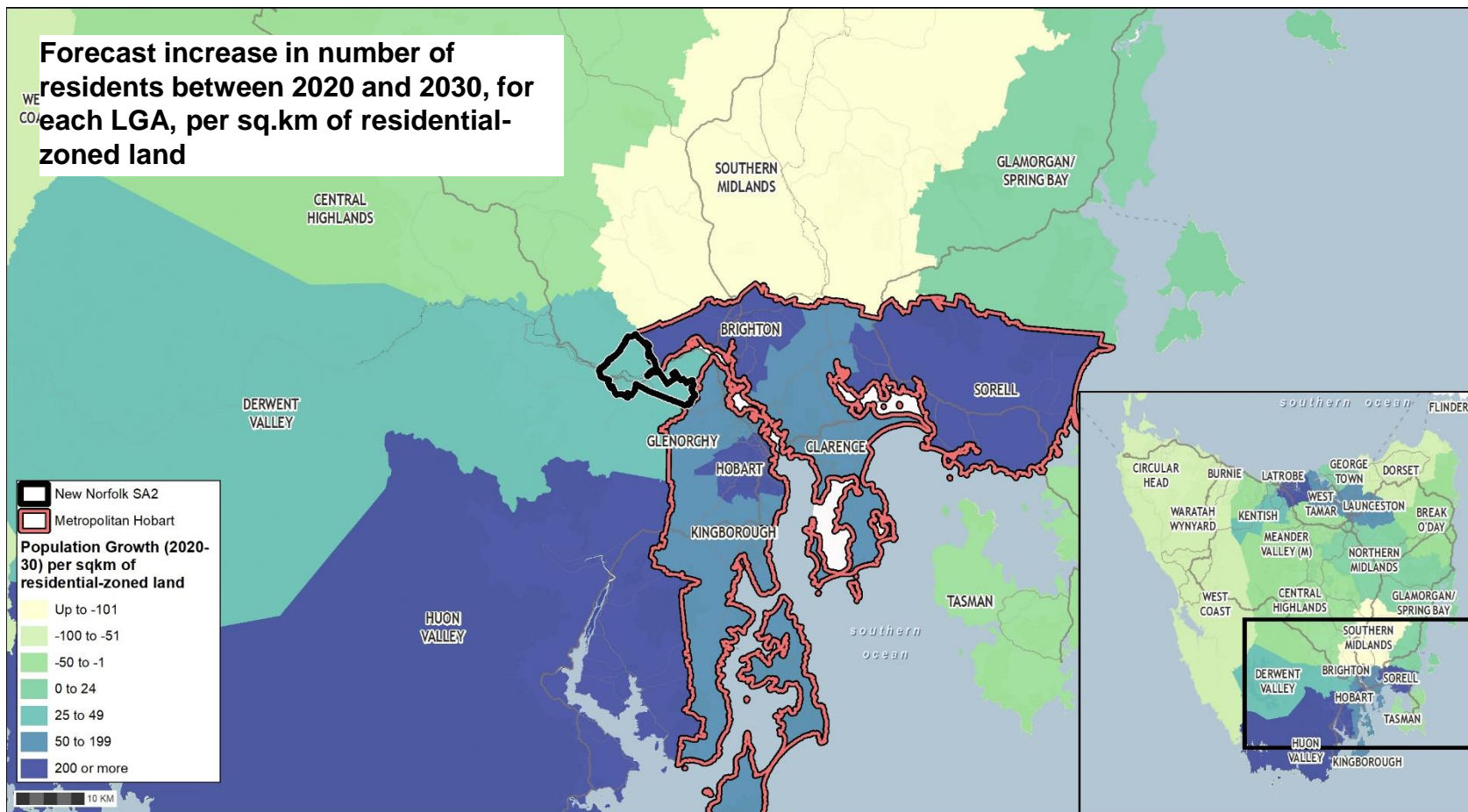
Population Growth in Metropolitan Hobart (2001-19)



Source: ABS, Urbis

FORECAST POPULATION GROWTH RELATIVE TO RESIDENTIAL ZONED LAND

- The map below illustrates the State Government's forecast population increase (over 2020-2030) per sq.km of residential-zoned land for each LGA near Hobart. This is an indicator of the demands likely to be placed on residential land. If population growth is forecast to be high relative to the residential land zoned, the more likely residential land is to be exhausted in a shorter timeframe.
- This map demonstrates the following key insights that are relevant to residential growth in New Norfolk:
 - Areas surrounding New Norfolk (namely Brighton, Huon Valley and Glenorchy LGAs) could face constrained supply of residential-zoned land that can accommodate their growing populations. This is reflected in their higher forecast population increase per sq.km of residential-zoned land (hence shaded darker blue). As such, there are opportunities for New Norfolk to attract an overflow of new residents from these surrounding areas.
 - Further, several non-metro areas are indicating higher forecast population increase per sq.km of residential-zoned land, such as Huon Valley LGA. This suggests that the urban growth boundary may need to be reviewed and expanded beyond metropolitan Hobart, or at least more residential land zoned is needed, in response to the growing appeal of non-metro settlements.
 - Thirdly, Derwent Valley (LGA)'s forecast population increase per residential-zoned land is comparable to that of Launceston LGA, which is home to Tasmania's second largest city. This points to Derwent Valley (and New Norfolk's) rising popularity as a place of residence relative to the amount of residential land.



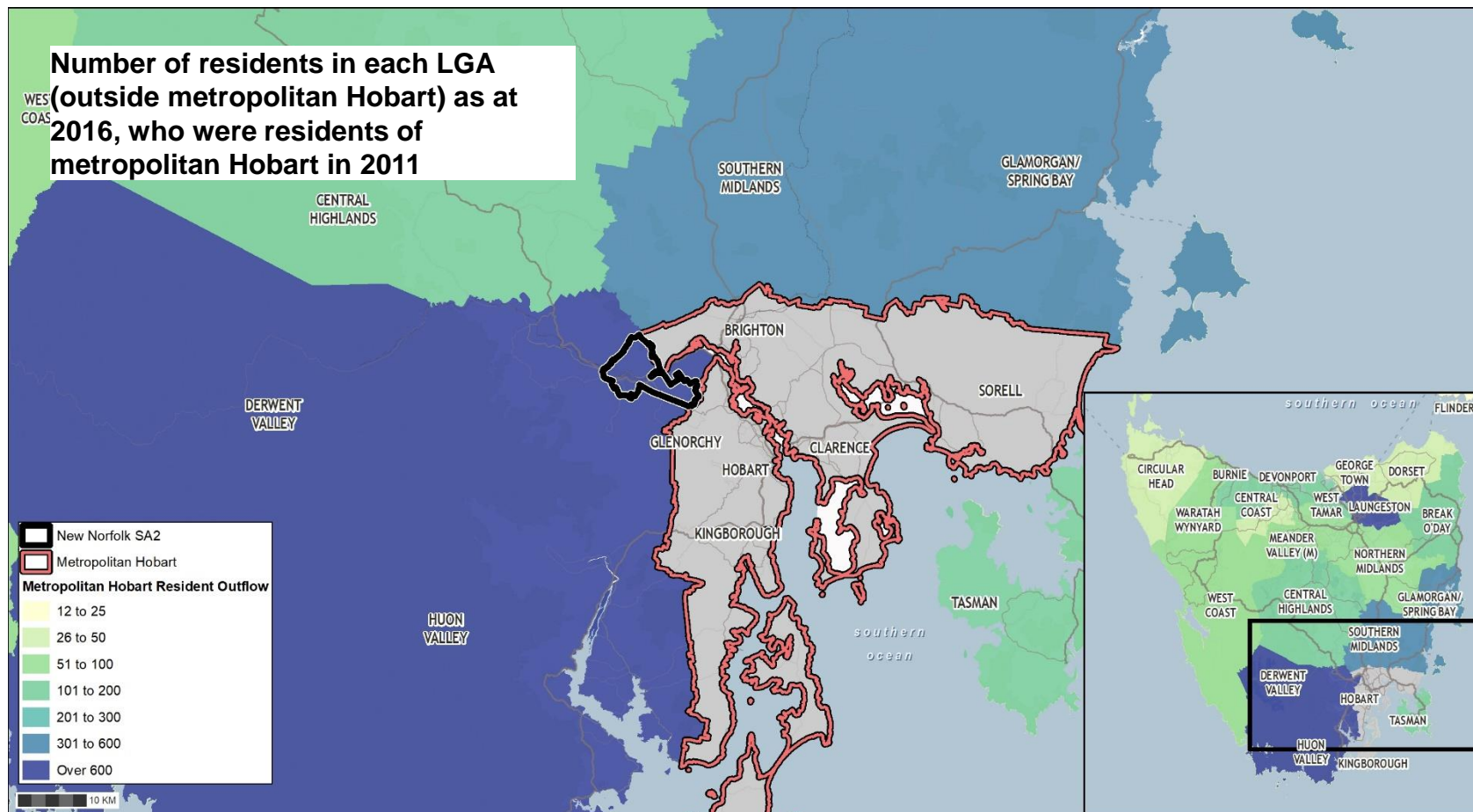
Note: Metropolitan Hobart is as defined by the Southern Tasmania Regional Land Use Strategy and comprises: LGAs of Hobart, Glenorchy, Clarence, Brighton, Kingborough, Sorrell.

Residential-zoned land comprises land that is zoned General Residential, Low-density Residential, and Inner Residential, as at 2020. Flinders LGA is not included due to insufficient zoning data. We also note that the analysis has been conducted by LGA as the population projections are not available for smaller geographic areas.

Sources:
 ABS 2011, 2016;
 Tasmanian Planning Commission;
 Department of Treasury and Finance;
 Urbis

DERWENT VALLEY'S POPULARITY AMONG OUTGOING METROPOLITAN HOBART RESIDENTS

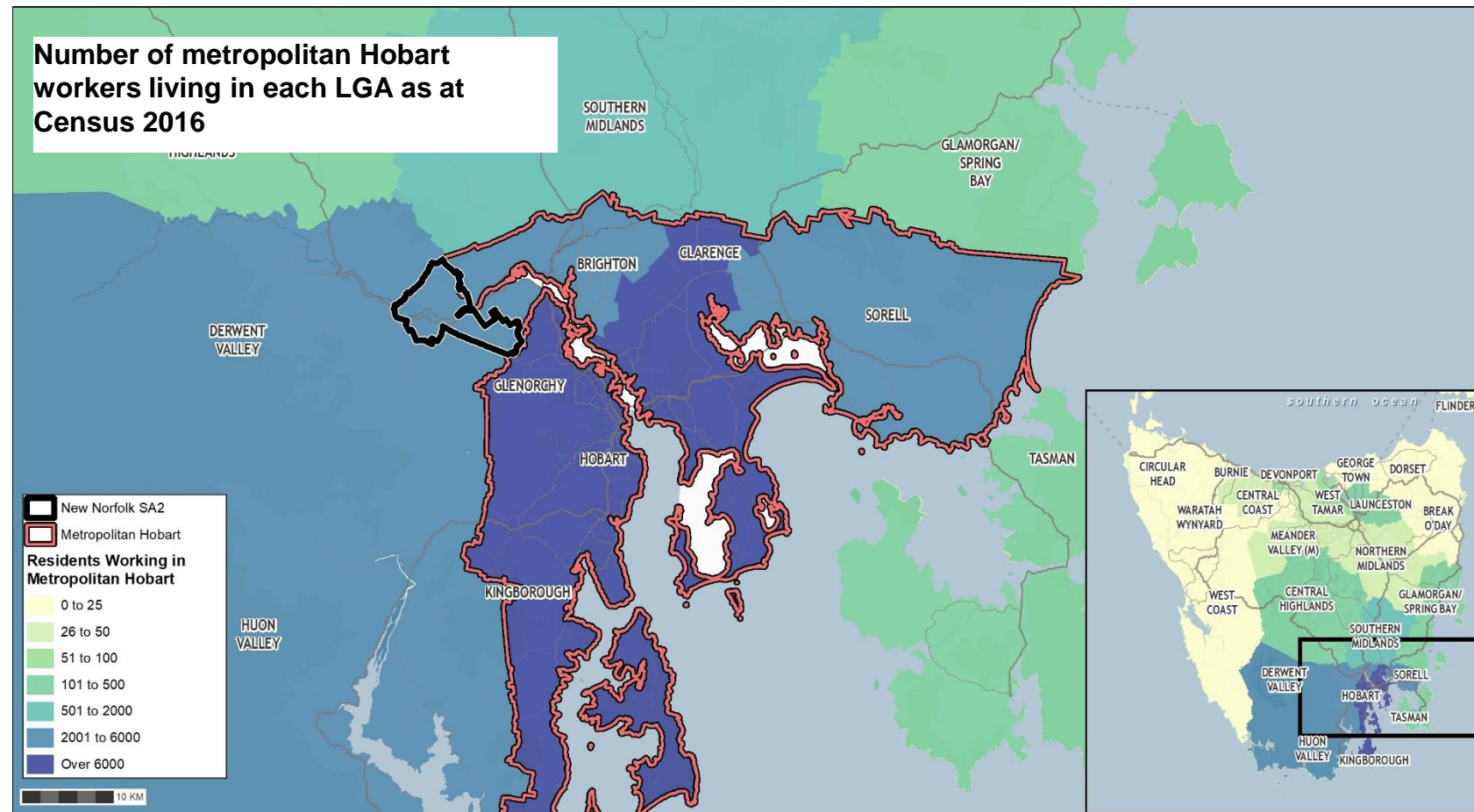
- One likely reason for Derwent Valley's rising popularity is that it is a nearby destination for residents moving out of metropolitan Hobart. This outflow could be due to a combination of factors including residents seeking a more rural lifestyle close by and rising property prices.
- The map below illustrates the number of outgoing metropolitan Hobart residents that each LGA attracted between 2011 and 2016. Outgoing metropolitan Hobart residents refer to those who were residing in metropolitan Hobart during Census 2011, but by Census 2016, they were residing outside metropolitan Hobart.
- This map demonstrates that in recent years, Derwent Valley has become a top choice for outgoing metropolitan Hobart residents, alongside Huon Valley and Launceston LGAs:
 - A sizeable number of metropolitan Hobart residents have been flowing into non-metropolitan areas. Between Census 2011 and 2016, slightly more than 5,000 residents moved out of metropolitan Hobart. Of these, Derwent Valley attracted almost 800. Huon Valley and Launceston attracted 885 and 750 metropolitan residents respectively.
 - Additionally, Derwent Valley appears to be increasingly popular among outgoing metropolitan Hobart residents. Between Census 2006 and 2011, Derwent Valley attracted about 735 metropolitan Hobart residents. During the 5 years thereafter, this increased to almost 800 (up by 7.5%). The demographic profiles of metropolitan Hobart residents moving into Derwent Valley (and New Norfolk) will be discussed further in a subsequent section (Section 4: Demographic Trends).



Note: Metropolitan Hobart is as defined by the Southern Tasmania Regional Land Use Strategy and comprises: LGAs of Hobart, Glenorchy, Clarence, Brighton, Kingborough, Sorrell.

DERWENT VALLEY'S INCREASING DESIRABILITY FOR METROPOLITAN HOBART WORKERS

- Derwent Valley is increasingly appealing to those commuting to parts of Hobart for work.
- The map below illustrates the number of metropolitan Hobart workers living in each LGA (as at Census 2016):
 - The majority (93%) of metropolitan Hobart workers also resided within metropolitan Hobart.
 - However, a sizeable number of metropolitan Hobart workers (almost 2,100) lived in Derwent Valley.
 - Further, this was an increase from Census 2011 when 1,730 metropolitan Hobart workers lived in Derwent Valley. The increase amounts to another circa 370 metropolitan Hobart workers living in Derwent Valley between Census 2011 and 2016 (or an additional 75 per year, on average).
- All up, the above statistics illustrate that Derwent Valley is attracting an increasing number of people who work in Hobart. This points to Derwent Valley's emerging role as a major commuter region.
- As such, there are opportunities to attract even more metropolitan Hobart workers to live in Derwent Valley. The ability to do so will also depend on availability of quality and diverse housing options in Derwent Valley that address current market preferences.
- Earlier pages have broadly discussed regional settlement trends. Subsequently, implications of these regional trends on New Norfolk (SA2) suburb will be discussed in the overleaf.



Note: Metropolitan Hobart is as defined by the Southern Tasmania Regional Land Use Strategy and comprises: LGAs of Hobart, Glenorchy, Clarence, Brighton, Kingborough, Sorrell.

RECENT MOVERS ANALYSIS – WHERE NEW NORFOLK IS ATTRACTING NEW RESIDENTS FROM

Key Insights

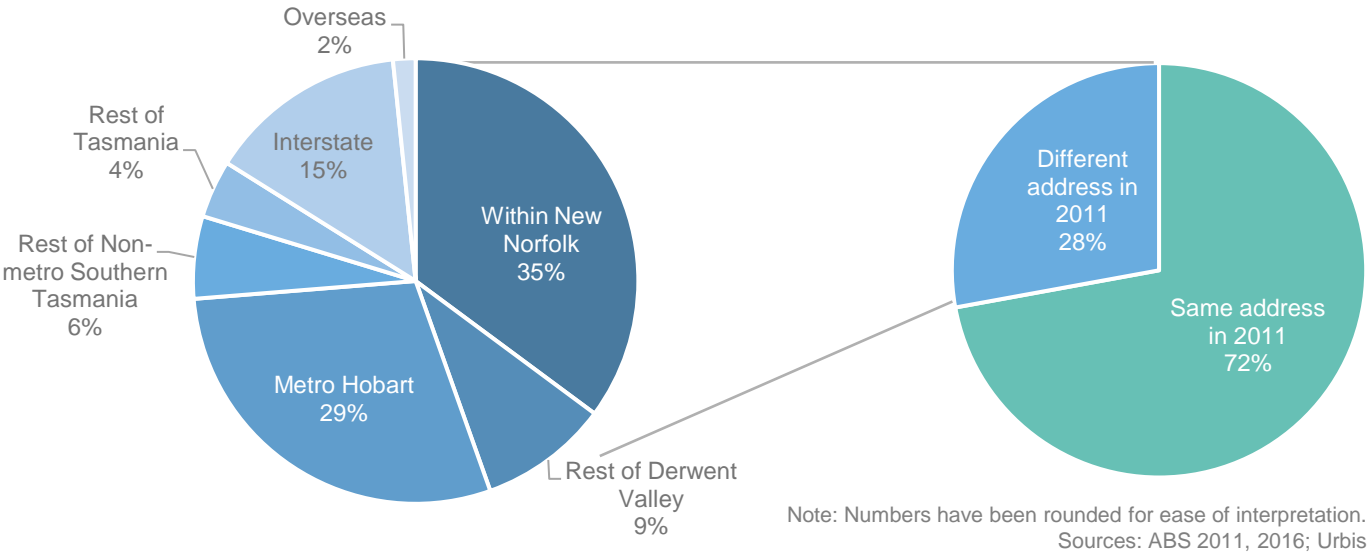
Here we analyse the origin of movers (those who changed address) within and into New Norfolk (SA2) between Census 2011 and 2016. The purpose of this analysis is to understand migration patterns into New Norfolk.

As illustrated in the charts adjacent, 28% of New Norfolk’s residents, as at Census 2016, were living at a different address to where they lived in 2011. This cohort is referred to as “movers”. Of these movers:

- A large proportion of them moved locally (44%), either within New Norfolk or from elsewhere in the Derwent Valley LGA.
- Metropolitan Hobart was the largest source of movers (29%) from outside the local area (Derwent LGA). As discussed earlier, this is reflective of Derwent Valley’s growing appeal to metropolitan Hobart residents.
- Interstate movers also made up a considerably sizeable cohort (15%), with the largest share coming from Queensland. COVID-19’s restrictions on interstate travel have impacted this cohort in 2020; however, with borders reopening, we anticipate that interstate movers will start returning.
- Only 6% came from the rest of non-metro Southern Tasmania, 4% from the rest of Tasmania and 2% from overseas.

This analysis highlights that demand for new homes is coming mainly from local residents moving within the local area of New Norfolk SA2 and Derwent Valley LGA (44%), as well as new residents coming from outside this area - including from metropolitan Hobart (29%) and from interstate (15%).

Origin of Movers within and into New Norfolk SA2 (2011-16)



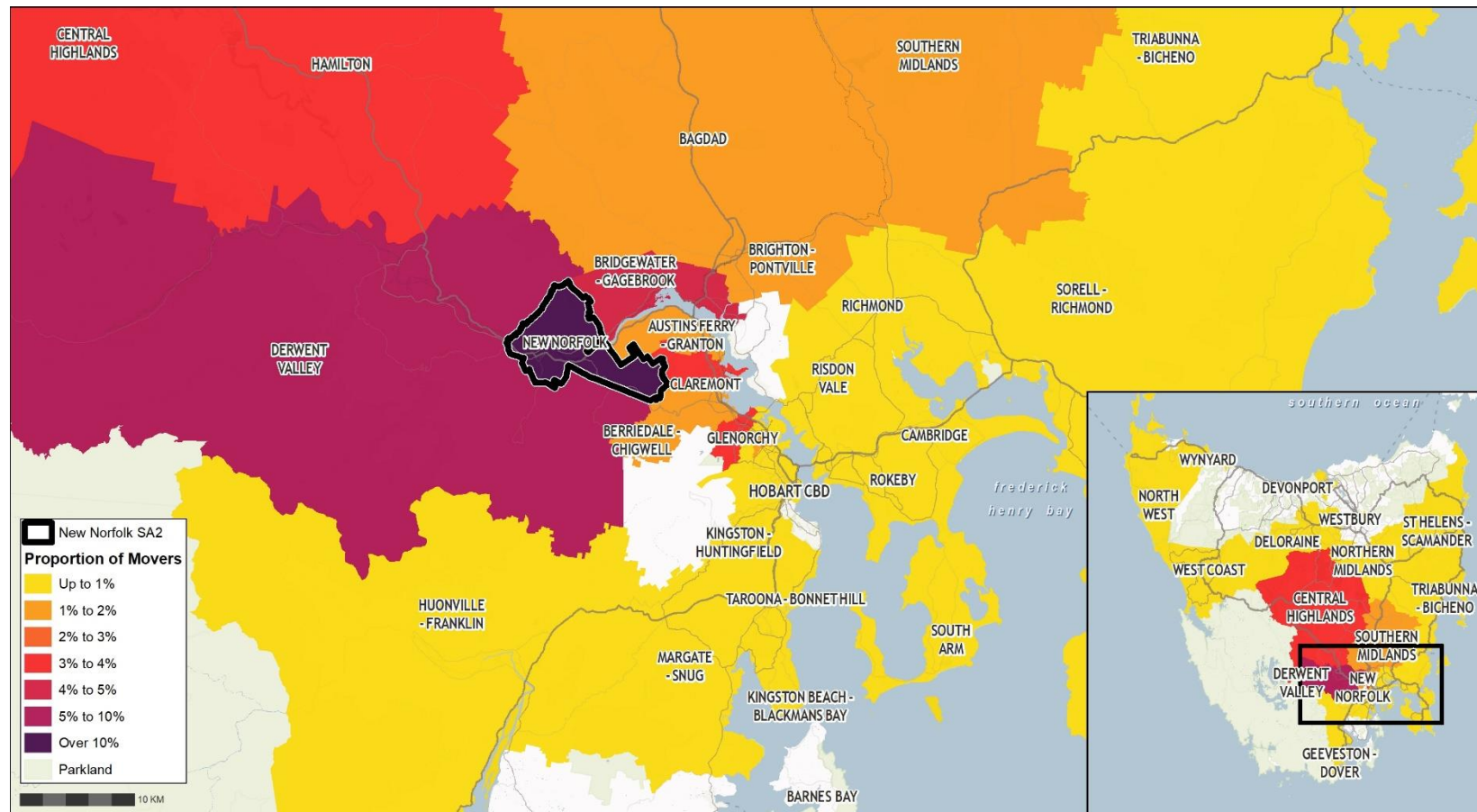
Origin of Interstate Movers into New Norfolk SA2 (2011-16)



Sources: ABS 2011, 2016; Urbis

RECENT MOVERS ANALYSIS – WHERE NEW NORFOLK IS ATTRACTING NEW RESIDENTS FROM

- On the previous page, we have identified migration patterns at a broader regional level rather than at a more local level (specific to New Norfolk).
- Finally, this analysis will identify specific SA2 (Australian Bureau of Statistics Statistical Area 2) suburbs which are key sources of movers within and into New Norfolk. They form New Norfolk's potential catchment area of new residents.
- The map below illustrates the proportion of movers within and into New Norfolk from each SA2 suburb in Tasmania. We note that this proportion is based on the total number of domestic movers (excluding overseas movers but including interstate movers). Key areas of note are:
 - **New Norfolk (SA2) and Derwent Valley (SA2):** They are the largest sources of movers within and into New Norfolk. This demonstrates that a quality residential offer, which addresses local residents' needs, can potentially attract new residents from the local area, rather than relying solely on population increase.
 - **Non-metro Southern Tasmania:** Whilst earlier analysis revealed that only 6% of movers into New Norfolk came from other parts of non-metro Southern Tasmania, South Tasmanian SA2 suburbs immediately north of New Norfolk (such as Central Highlands and Southern Midlands SA2s) are also key sources of movers into New Norfolk.
 - **Metropolitan Hobart:** Key metropolitan Hobart SA2 suburbs that movers into New Norfolk came from, are those closer to New Norfolk, namely: Bridgewater-Gagebrook, Brighton-Pontville (north of the river) and Austins Ferry-Granton, Claremont, Glenorchy, Berridale-Chigwell, Derwent Park-Lutana, Montrose-Rosetta, Moonah and West Moonah (south of the river).
 - Additionally, New Norfolk draws from a wider area, including from Northern Tasmania, which demonstrates New Norfolk's broader appeal.



Sources:
ABS 2011, 2016;
Urbis

04 DEMOGRAPHIC TRENDS

Section Highlights:

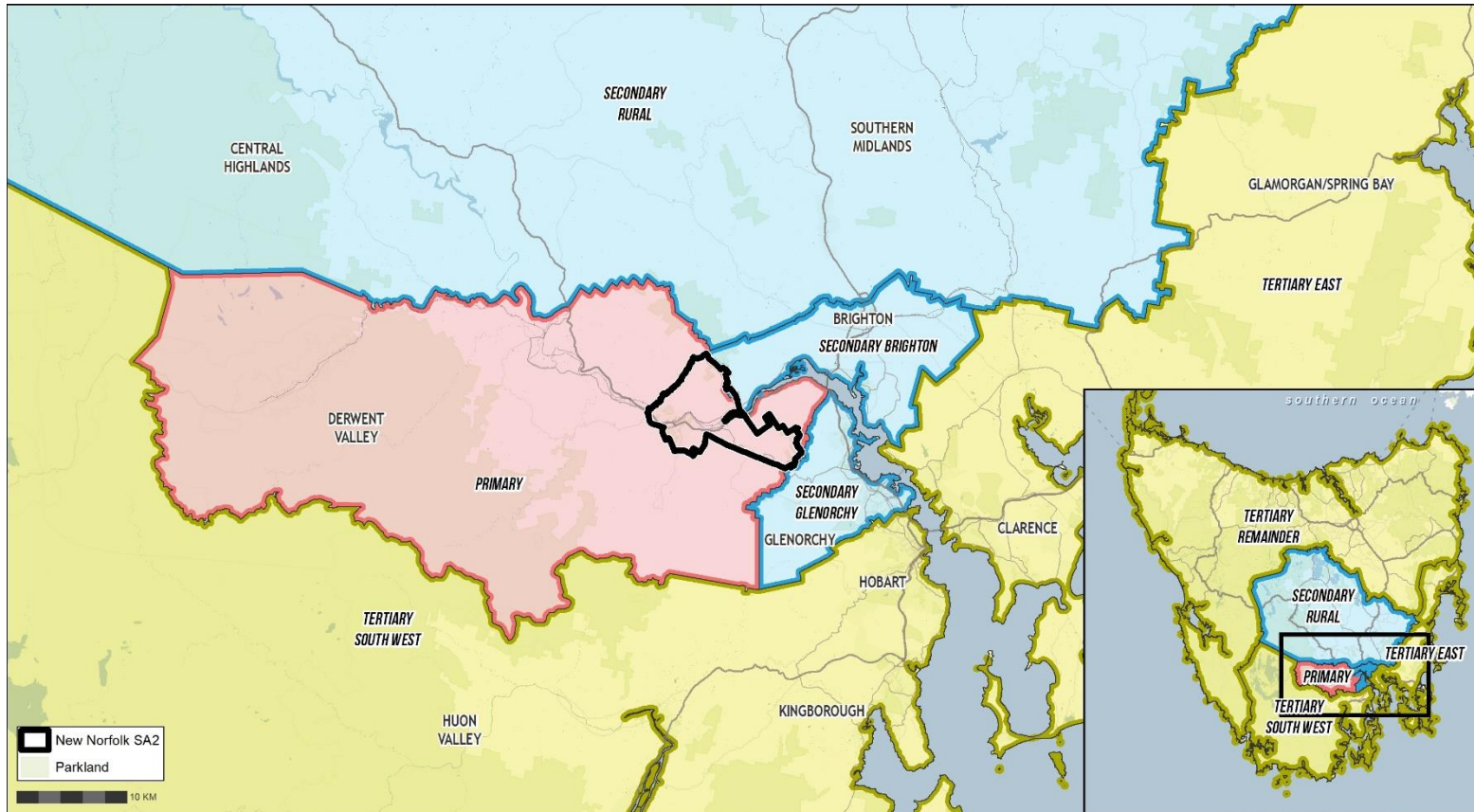
- This section identifies demographic trends in the study area that represent economic opportunities (and basis) for the master plan. They include:
 - New Norfolk's population growth has been particularly strong in recent years. In fact, its 3-year average population growth of 1.3% p.a. over 2016-19, is almost comparable to that of metropolitan Hobart (1.5% p.a.).
 - New Norfolk and Derwent Valley are attracting a range of age cohorts and household typologies, including a mix of young adults, young families and more mature residents (65+).
 - In addition, average household size in New Norfolk and Derwent Valley reduced over 2006-16, accompanied by growing proportions of smaller household formations (couples with no kids and lone persons). This results in a need for more dwellings, even if there is no population growth. More people are looking to rent their homes also.
 - These recent demographic trends are driving a need for greater housing diversity to offer housing choice for various life stages, household types and household sizes, including smaller households which have been on the rise.
 - As such, the key economic opportunity lies in a growing need for smaller lot sizes to cater to smaller households and renters, given that rented properties tend to be smaller.



STUDY AREA

- The study area for our analysis has been defined based on:
 - Recent movers' analysis to understand migration patterns within and into New Norfolk (section 3)
 - New Norfolk's catchment area (section 3)
 - Logical geographic and administrative boundaries (for example, local government areas and/or being situated either side of the river)
- This study area encompasses 4 areas:
 - Primary – the SA2's of New Norfolk and Derwent Valley
 - Secondary Brighton – LGA of Brighton
 - Secondary Glenorchy – LGA of Glenorchy
 - Secondary Rural – LGAs of Central Highlands and Southern Midlands
 - Tertiary South West – LGAs of Hobart, Kingborough and Huon Valley
 - Tertiary East – LGAs of Clarence, Sorell, Glamorgan/Spring Bay
 - Tertiary Remainder – all other areas of Tasmania.

The primary study area has been created based on Australian Bureau of Statistics Statistical Area Level 2 (SA2) geographies. As such, the areas that fall within Derwent Valley LGA may not align with the study area exactly; however, the primary study area covers Derwent Valley LGA's main urban areas.



NEW NORFOLK + DERWENT VALLEY (SA2) – STRONG POPULATION GROWTH SINCE 2016

Key Insights

The chart adjacent reflects resident population in New Norfolk and Derwent Valley SA2s from 2007-19. Below the chart, in a table, are their 3-year population growth averages.

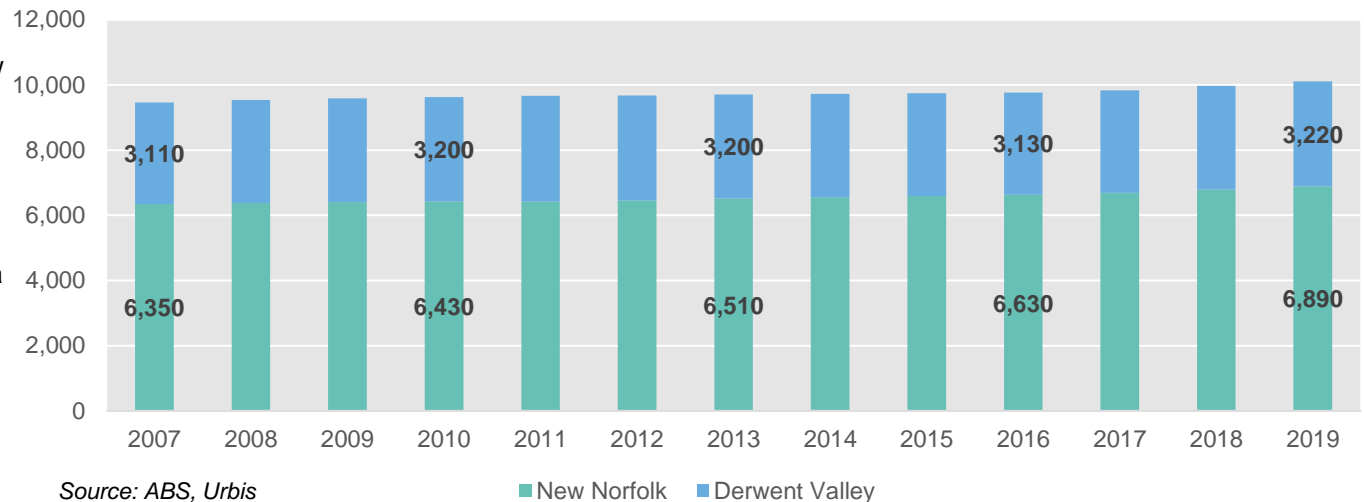
Over the past decade, New Norfolk's population has grown more strongly (0.7% p.a.) than Derwent Valley (0.1% p.a.). This demonstrates New Norfolk's role as a town centre, hence attracting stronger population growth with its services, amenities and employment opportunities.

New Norfolk's population growth has been particularly strong in recent years over 2016-19. In fact, its 3-year average population growth of 1.3% p.a. over this period, is almost comparable to that of metropolitan Hobart (1.5% p.a.).

A key driver of New Norfolk's strong population growth in recent years is thought to be metropolitan Hobart's declining housing affordability. As illustrated in subsequent sales analysis, metropolitan Hobart's median dwelling price has been increasingly sharply since 2016. This coincides with New Norfolk's notably strong population growth over 2016-19.

These trends point to an outflow of metropolitan Hobart residents into outer suburbs like New Norfolk, which offer more affordable housing options. Subsequent demographic analysis further substantiates this trend.

Estimated Resident Population in New Norfolk + Derwent Valley (SA2)



Estimated Population Growth (p.a.) in New Norfolk + Derwent Valley (SA2)

	New Norfolk SA2	Derwent Valley SA2	Metropolitan Hobart
2007-10	0.4%	1.0%	1.3%
2010-13	0.4%	0.0%	0.7%
2013-16	0.6%	-0.7%	1.0%
2016-19	1.3%	0.9%	1.5%
2009-19	0.7%	0.1%	1.1%

NEW NORFOLK + DERWENT VALLEY'S SHIFTING DEMOGRAPHICS

Key Insights











New Norfolk and Derwent Valley's evolving resident population indicates a need for new residential supply which responds to shifting housing preferences.

As shown in the table adjacent, key demographic shifts in New Norfolk and Derwent Valley's resident population between Census 2006 and 2016 were:

- **A maturing resident population:** Average age increased from 37.5 to 39.9 years. This reflects a growing number of mature residents. The proportion of residents aged 65+ grew from 12.9% to 18.7%. This is not to say that other age cohorts were not growing in absolute terms. Age cohorts will be further analysed in the overleaf.
- **Rising median household income:** Median household income grew significantly by around 30.5% to \$61,180 per annum; however, this growth was lower than the non-metro Tasmania average (+36%).
- **Decreasing household sizes:** Average household size decreased from 2.6 to 2.4.
- **Growing proportion of smaller household formations:** Decreasing household sizes were accompanied by increasing proportions of smaller household formations such as Lone Persons (+6% pts) and Couples with No Children (+7.5% pts).
- **Increasing proportion of renting households:** Proportion of renting households also increased (+2.9% pts), suggesting a growing demand for rented stock.

All up, these demographic shifts point to a need for new residential supply that addresses the needs of growing resident cohorts (to be discussed subsequently).

Shifting Demographics in New Norfolk + Derwent Valley (SA2) – 2006 vs 2016

	2006	2016	CHANGE FROM 2006-2016	NON-METRO TAS AVERAGE (2016)
 Estimated Resident Population (Persons)	9,365	9,770	+405	293,125
 Average Age	37.5	39.9	+2.4 YEARS	41.0
 Aged 65+	12.9%	18.7%	+5.8% PTS	20.4%
 Median Household Income (Comparison with non-Metro average)	\$46,880 (-2.9%)	\$61,180 (-7.1%)	+\$14,300 (+30.5%)	\$65,825
 Average Household Size	2.6	2.4	-0.2	2.3
 Families with children under 15 ¹	31.3%	24.9%	-6.4% PTS	23.3%
 Couples with no children ¹	20.7%	28.2%	+7.5% PTS	30.5%
 Lone Persons ¹	23.1%	29.1%	+6% PTS	30.6%
 Private Renting Household ¹	15.8%	18.7%	+2.9% PTS	21.5%
 Working in Metro Hobart (2011-16) ²	56%	56%	UNCHANGED	20%

Source: ABS Census 2016; 1. This is measured on a household basis, based on % of households; 2. This proportion is based on residents working and who responded to Census questions on place of work. Note also that metro Hobart is defined as areas within the urban growth boundary: Hobart, Glenorchy, Sorrell, Clarence, Brighton, Kingborough LGAs.

RECENT MOVERS' DEMOGRAPHIC PROFILE - AGE

Key Insights

Here we discuss key age cohorts among movers (those who changed address) within or into New Norfolk and Derwent Valley. The purpose of this analysis is to identify the main age cohorts driving demand for new residential stock.

The table adjacent illustrates the age composition of movers from each area between 2011 and 2016:

Local movers within New Norfolk and Derwent Valley: Their largest age cohorts comprised those who were aged 25-34 and below 15. This suggests that *young families* are moving within the local area, in search of suitable accommodation for their growing family.

Movers from Glenorchy LGA (north-west Hobart metro): *Young adults aged 25 to 34* formed the largest cohort. This trend suggests that young adults from metropolitan areas like Glenorchy LGA are moving into New Norfolk and Derwent Valley for a quieter lifestyle and more affordable housing.

Movers from Brighton LGA (north of the river): Those aged 15 to 24, 35-44 and below 15 formed the largest cohorts. Metropolitan areas north of the river (such as Bridgewater in Brighton LGA) are affordable, but relatively less desirable, as compared to New Norfolk. As such, families and young adults could be moving into New Norfolk seeking an appealing living environment.

Movers from Central Highlands and Southern Midlands LGAs: Key cohorts were those aged 65+ (some likely moving into retirement/aged care facilities) and those aged 35-44 and 15-24 (likely to be families with older children).

This analysis illustrates that New Norfolk and Derwent Valley are attracting a range of age cohorts, from families to young adults and mature residents. However, those moving in are more likely young families than those who have not moved.

Age Distribution of Movers within/into the Primary Study Area (2011-2016)

	MOVERS FROM LOCAL AREA - NEW NORFOLK + DERWENT VALLEY	MOVERS FROM GLENORCHY LGA	MOVERS FROM BRIGHTON LGA	MOVERS FROM CENTRAL HIGHLANDS + SOUTHERN MIDLANDS LGAS	SAME-ADDRESS RESIDENTS
Below 15	20%	17%	21%	10%	13%
15-24	16%	12%	22%	17%	10%
25-34	20%	30%	14%	10%	8%
35-44	13%	12%	20%	23%	11%
45-54	12%	12%	7%	9%	17%
55-64	8%	10%	8%	10%	18%
65+	11%	6%	8%	21%	23%

Source: ABS Census 2016

RECENT MOVERS' DEMOGRAPHIC PROFILES (HOUSEHOLD CHARACTERISTICS)

Key Insights

The table adjacent summarises key household characteristics of mover households (households that changed address) within and into New Norfolk and Derwent Valley, relative to those who didn't move.

- Key household characteristics of mover households that could impact on their housing choice include:
- Families with Children formed the largest household-type cohort (45%). As discussed earlier, this is likely due to young families moving within the local area and from metropolitan Hobart.
 - Smaller household formations like Couples with No Children and Lone Persons made up a sizeable share of movers (52% combined), but less than the share of those who did not move (61%).
 - The share of movers living in higher-density accommodation such as units, townhouses or apartments (7%) was almost double the share of same-address residents (4%).
 - Movers were far more likely to rent their home (40%) compared to same-address residents (10%).

These trends point to a significant and growing need for greater housing diversity. There is a need to offer a range of housing options to appeal to various household formations among those moving to the area. This includes options for households with two or less residents who make up more than half of all households moving to the Derwent Valley, as well as young families, along with those who wish to rent. Dwellings on large lots typically cater for larger households who own their own home.

Recent Movers (within/into New Norfolk + Derwent Valley), 2011-2016

Household Characteristics (2016)

	MOVER HOUSEHOLDS WITHIN/INTO NEW NORFOLK + DERWENT VALLEY	SAME-ADDRESS RESIDENTS
Families with Children	45%	36%
Couples with No Children	24%	31%
Lone Persons	28%	30%
Living in Separate Homes	93%	96%
Living in Unit/Townhouse/Apartment	7%	4%
Renting Households ¹	40%	10%
Owner-occupier Households	57%	84%

Note that the above statistics are on a household basis. Note also that movers cover all households that moved within or into New Norfolk and Derwent Valley SA2 (regardless of source). For these measures, data was not available by source of mover.

1. Private renters only.

Source: ABS Census 2016.

RECENT MOVERS' DEMOGRAPHIC PROFILES (PLACE OF WORK)

Key Insights

Here we analyse where movers (those who changed address) within and into New Norfolk and Derwent Valley, work.

The table adjacent illustrates movers' place of work as at Census 2016:

- **New Norfolk and Derwent Valley:** Those moving within the Derwent Valley were more likely to work locally (43%), but still, a higher proportion worked in metropolitan Hobart (49%) - area shown earlier in the map on page 22. Earlier analysis of residents in New Norfolk and Derwent Valley similarly revealed that a majority (56%) of residents were working in metropolitan Hobart (Slide 30).
- **Metropolitan Hobart:** Those moving from the Glenorchy and Brighton LGAs predominantly continued to work within the metropolitan Hobart area (82% and 72.5% respectively).
- **Central/Southern Highlands** – Those moving from these more rural areas were more likely to be employed locally in Derwent Valley (40.5%) than movers from metropolitan Hobart; however, a higher proportion (46.5%) still worked in metropolitan Hobart.
- In summary, this analysis demonstrates that while many people moving to New Norfolk and the rest of the Derwent Valley work in the local area, a larger proportion are commuting to parts of Metropolitan Hobart for work.

As such, while access to local employment is important for some, many of those moving to the area are seemingly trading off convenience to work for lifestyle and affordability. This also means that demand for future housing can be driven by growth in economic activity outside of the Derwent Valley rather than being organically generated from within the area.

Recent Movers (within/into New Norfolk + Derwent Valley)

Place of Work (2016)

	MOVERS FROM LOCAL AREA - NEW NORFOLK + DERWENT VALLEY	MOVERS FROM GLENORCHY LGA	MOVERS FROM BRIGHTON LGA	MOVERS FROM CENTRAL HIGHLANDS + SOUTHERN MIDLANDS LGAS	SAME-ADDRESS RESIDENTS
Work locally – Derwent Valley LGA	43%	12%	13%	40.5%	40.5%
Metro Hobart	49%	82%	72.5%	46.5%	51%
Central Highlands LGA	1%	3%	0%	6.5%	2%
Southern Midlands LGA	0%	0%	0%	0%	0.2%
Launceston LGA	0%	0%	0%	0%	0.2%
Huon Valley LGA	0%	0%	0%	0%	0.1%
Glamorgan/ Spring Bay LGA	0%	0%	0%	0%	0.1%
West Coast LGA	0%	0%	0%	0%	0.2%
Tasman LGA	0%	0%	0%	0%	0.1%
No fixed address	7%	3%	14.5%	6.5%	5.5%

Note: Metro Hobart comprises LGAs of Hobart, Glenorchy, Clarence, Brighton, Kingborough, Sorrell, as defined in the Southern Tasmania Regional Land Use Strategy. Other LGAs not included are due to no movers working in those areas.

Source: ABS, Urbis

IMPACT OF SHIFTING DEMOGRAPHIC TRENDS ON HOUSING PREFERENCES & DEMAND

- In summary, this section has analysed shifting demographic trends in New Norfolk and Derwent Valley. Key characteristics of movers within and into New Norfolk and Derwent, who drive demand for new residential stock, were also identified.
- Below, we summarise significant demographic trends and how they potentially impact on housing preferences and demand.
- Subsequently, in the next section, we will forecast population growth.

Key Demographic Trends in New Norfolk and Derwent Valley

New Norfolk and Derwent Valley are attracting a range of age cohorts and household typologies, including a mix of young adults, young families and more mature residents (65+).

Average household size in New Norfolk and Derwent Valley reduced over 2006-16, accompanied by growing proportions of smaller household formations (couples with no kids and lone persons). More people are looking to rent their homes also.

Movers within and into New Norfolk and Derwent Valley mainly work in metropolitan Hobart or locally within New Norfolk and Derwent Valley.



Potential Impact on Housing Preferences and Demand

There is a significant and growing need for greater housing diversity to offer new residents at different life stages with housing choice.

There appears to be a need for smaller dwellings that can accommodate a growing cohort of smaller household formations, and houses that appeal to those looking to rent rather than buy (typically smaller lot housing).

Direct connections to Hobart and local employment clusters are important for a residential offer in New Norfolk and Derwent Valley. The area's proximity to Metro Hobart is increasingly driving demand from those willing to commute to work, widening the potential market served by new housing in New Norfolk.

05 FORECAST POPULATION GROWTH

Section Highlights:

- This section considers and evaluates state government population projections (by the Department of Treasury and Finance) to forecast population growth and additional dwelling demand.
- Key assumptions of the Government's population projections, were based on Australian Bureau of Statistics (ABS) data over 5 years to 30 June 2017.
- Based on our analysis of more recent ABS data (March 2020), and Derwent Valley's appeal to a broad range of movers, we believe the Government forecast to be considerably conservative.
- The Government's projection appears to have underestimated annual net internal migration, with almost no population growth (+0.1% p.a.) forecast over 2017-42.
- Comparing with what has actually happened, more recent data indicates that Derwent Valley LGA's population grew solidly by 1.2% p.a. over 2017-19.
- Over an extended period, this underestimate could lead to a substantial understatement of likely population and hence new dwelling needs.
- To reflect more recent population growth trends, we have chosen to adopt a separate Urbis forecast for Derwent Valley LGA. This amounts to total additional dwelling demand in New Norfolk over 2017-37 that is in the order of 1,000 additional dwellings.
- Given limited pipeline supply (only 1 other major subdivision development comprising 140 lots as advised by Council), even including The Mills (738 lots), the current supply pipeline does not fully meet anticipated additional dwelling demand by 2037.
- We note that current supply pipeline is more likely to be delivered (i.e. more certain) than possible future developments on other vacant residential zoned land and/or identified future urban land.

Key findings

Development
Context

Review of Key
Policies

Settlement and
Migration Patterns

Demographic
Trends

Forecast
Population
Growth

Residential Sales
& Land Supply
Analysis

Economic
Contribution

Conclusion: The
Mills - Addressing
Market Needs

STATE GOVERNMENT POPULATION PROJECTIONS FOR DERWENT VALLEY (LGA)

Key Insights

In this section (which includes subsequent pages), Derwent Valley LGA's forecast population growth (and New Norfolk's anticipated share of that growth) are discussed to identify additional dwelling demand.

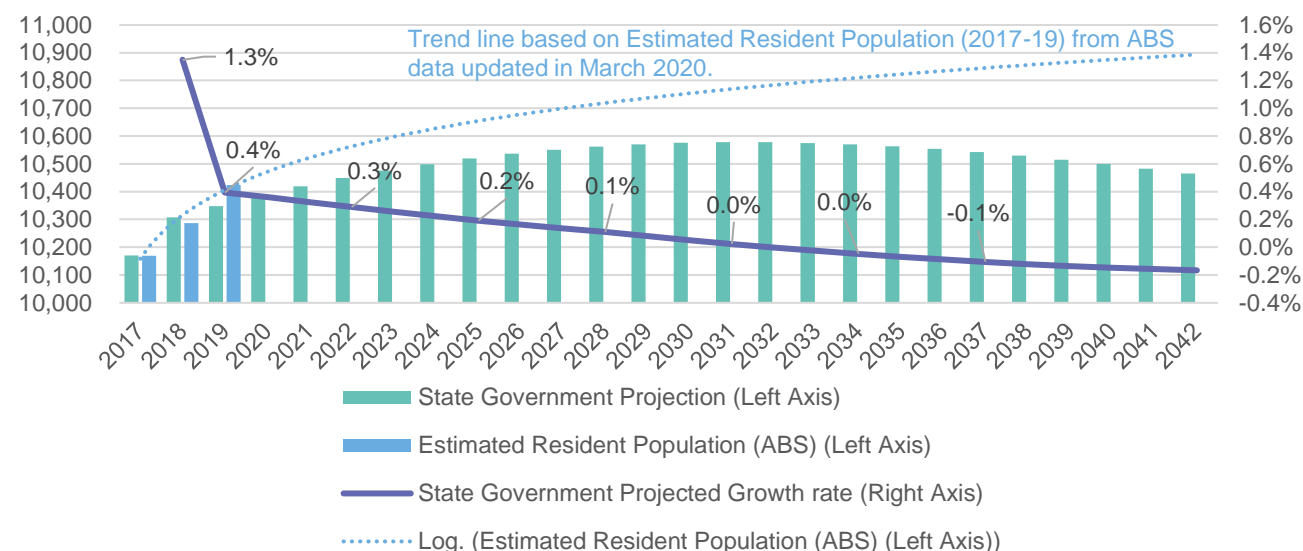
The chart adjacent illustrates the State Government's (Department of Treasury & Finance) population projection for Derwent LGA. This projection was recently updated in 2019. Low, medium and high scenario population projections for each LGA were published; however, the Government has recommended that the medium scenario projection should be used for policy and planning purposes. As such, we analyse the medium scenario projection.

The table below indicates key assumptions which formed the basis of the Government's population projections (and were based on Australian Bureau of Statistics data over 5 years to 30 June 2017). These assumptions are then compared with more recent March 2020 ABS data.

Based on our analysis of government projection assumptions against more recent ABS data, and Derwent Valley's appeal to a broad range of movers (as discussed earlier), we believe the Government forecast to be considerably conservative. Instead, we have chosen to adopt a separate Urbis forecast for Derwent Valley LGA (to be discussed overleaf).

The Government's projection appears to have underestimated annual net internal migration with almost no population growth (+0.1% p.a.) forecast over 2017-42. Comparing with what has actually happened, more recent data indicates that Derwent Valley LGA's population grew solidly by 1.2% p.a. over 2017-19. Over an extended period, this underestimate could lead to a substantial understatement of likely population and hence new dwelling needs.

State Government Population Projection - Derwent Valley (LGA)



Sources: Department of Treasury & Finance, Urbis

Comparison of State Government Population Projection Vs Actual Data 2017-2019 – Derwent Valley (LGA)

		Fertility Rate	Annual Net Internal Migration	Annual Net Overseas Migration	Average Population Growth Rate (p.a.) 2017-2042
1	Assumed by State Government Projections – based on 5-year averages up to 30 June 2017	2.25	-3	+11	0.1%
2	Based on more recent ABS data ¹ (3-year average over 2017-19)	N/A	+76	+13	1.2%
3	Difference between government assumptions and more recent ABS data (Item 2 minus Item 1)	N/A	79	2	1.1%

Note: 1. Data was last updated on 25 Mar 2020; Sources: Department of Treasury & Finance, ABS Statistics, Urbis

FORECAST POPULATION GROWTH

Key Insights

Here we describe Urbis' forecast population growth for Derwent Valley LGA.

- **Government Forecast:** The Department of Treasury's projection is in our view a conservative estimate. Under this forecast, Derwent Valley LGA's population reaches almost 10,550 by 2037. Over 2017-22, forecast population growth is 0.5% p.a.; however, dipping to 0.2% in the next 5 years. Eventually, population starts shrinking at -0.1% p.a. over 2032-37.
- **Urbis Forecast:** Urbis' forecast anticipates a vibrant, growing community, with proactive future population management and residential development. As such, the following key assumptions are applied:
 - **COVID-19 impacts:** Urbis' forecast COVID-19 impacts on population growth for the State and local area are estimated over 2020-25 (refer to Appendix 3).
 - **Residential development activity:** From 2026 onwards, we have assumed a 5-year average of new dwelling approvals in Clarence and Austins-Ferry Granton (2015-20). These areas are referenced because their resident demographic profiles are similar to New Norfolk and Derwent Valley (refer to Appendix 1), and they are similarly on the fringes of metropolitan Hobart.
 - **Average household size:** We have assumed that it remains at 2.4, given Derwent Valley's appeal to a range of household structures and age cohorts which balance each other out.

Under this scenario, Derwent Valley LGA's population would see growth 2017-22 (1% p.a.), dipping slightly from the 2017-19 observed growth (1.2% p.a.) due to COVID-19; however, population growth starts picking up to 1.3%-1.6% p.a. over 2022-2037. By 2037, Derwent Valley's population grows to circa. 13,300.
- **New Norfolk's share of Derwent Valley LGA's growth is anticipated to be 75%, based on the trends of the last three years (see adjacent).**

Forecast Population Growth – Derwent Valley (2017-2037)

Population Forecast	2017	2022	2027	2032	2037
Derwent Valley LGA - Government Forecast (Low Scenario)	10,170	10,449	10,550	10,578	10,542
Derwent Valley LGA - Urbis Forecast (High Scenario)	10,169	10,687	11,542	12,478	13,414

Total Growth (No.)	2017-22	2022-27	2027-32	2032-37
Derwent Valley LGA - Government Forecast (Low Scenario)	279	101	28	-36
Derwent Valley LGA - Urbis Forecast (High Scenario)	518	856	936	936

Per Annum Growth (%)	2017-22	2022-27	2027-32	2032-37
Derwent Valley LGA - Government Forecast (Low Scenario)	0.5%	0.2%	0.1%	-0.1%
Derwent Valley LGA - Urbis Forecast (High Scenario)	1.0%	1.6%	1.6%	1.5%

Benchmark - Hobart LGA Per Annum Growth (%), 2017-19

1.4%

Benchmark - Derwent Valley LGA Per Annum Growth (%), 2017-19

1.1%

Note: For Urbis forecast, from 2020-25, Urbis' forecast COVID-19 impacts on population growth are assumed. From 2026, 5 year average of new dwelling approvals (2015-20) in Clarence and Austins-Ferry Granton are assumed at 58 and 19 p.a., respectively. Derwent Valley LGA's household size is assumed to remain at 2.4 (Census 2016).

New Norfolk's Share of Derwent LGA's Population Growth (3-year Average)

	New Norfolk's Share of Derwent Valley LGA's Net Internal Migration (Domestic)	New Norfolk's Share of Derwent Valley LGA's Net Overseas Migration	New Norfolk's Share of Derwent Valley LGA's Net Increase (Births – Deaths)	New Norfolk's Share of Derwent Valley LGA's Overall Population Growth
2017	91%	55%	52%	73%
2018	100%	46%	13%	83%
2019	76%	47%	62%	70%
3-year Average	<u>89%</u>	<u>49%</u>	<u>42%</u>	<u>75%</u>

FORECAST DWELLING DEMAND – URBIS FORECAST

Key Insights

The population forecasts detailed previously inform future demand for additional dwellings in New Norfolk.

The table adjacent illustrates forecast additional dwelling demand in New Norfolk, based on Urbis' population projection. Key areas of note are:

- We adopt New Norfolk's 2017-19 share of Derwent Valley LGA's population growth (75%) to estimate New Norfolk's population growth per annum. This approach was necessary as State Government population projections are not available for geographies that are smaller than the LGA area.
- Additional dwelling demand per annum is calculated by dividing forecast population increase by average household size.
- Cumulative dwelling demand (by 2037) is then derived by adding up additional dwelling demand per annum over 2017-37.

All up, based on Urbis' population forecast, it is anticipated that there is potential demand in New Norfolk for **1,014 additional dwellings by 2037**. This amounts to 51 additional dwellings per annum over 2017-37.

Based on advice from Derwent Valley Council on 18 November, there is only one other approved major subdivision development (140 lots), which introduces additional dwellings. Majority of dwelling applications are for single dwellings (likely replacement of an older single dwelling, rather than additional dwellings, since New Norfolk is mostly built out).

This demonstrates that there is appetite for new stock; however, additional new stock from subdivisions, appears limited. As such, the anticipated demand for 1,014 additional dwellings may not be met with current supply pipeline.

Forecast Additional Dwelling Demand – Urbis Forecast

Derwent LGA	2017	2022	2027	2032	2037
Population Projection	10,169	10,687	11,542	12,478	13,414
Household Size	2.4	2.4	2.4	2.4	2.4
Total Dwellings	4,237	4,453	4,809	5,199	5,589
Additional Dwelling Demand Per Annum		43	71	78	78
Cumulative Dwelling Demand					1,352

New Norfolk	2017	2022	2027	2032	2037
Total Population Growth (No.) over 5 years		388	642	702	702
(75% of Derwent LGA Population Growth)					
Population Growth Per Annum		78	128	140	140
Average Household Size		2.4	2.4	2.4	2.4
Additional Dwellings Demand Per Annum		32	53	59	59
Cumulative Dwelling Demand (By 2037)					1,014

Sources: ABS Statistics, Urbis

FORECAST DWELLING DEMAND – GOVERNMENT FORECAST

Key Insights

We conduct the same additional dwelling demand analysis detailed in the previous slide; however this time using the State Government's population projection.

Based on the State Government's population projection, it is anticipated that there is potential demand in New Norfolk for 116 additional dwellings by 2037. This amounts to circa. 6 additional dwellings per annum.

However, as discussed earlier (in slide 36), the Government's projection appears to have underestimated population growth over 2017-19 (0.1% p.a. was forecast, compared to 1.2% p.a., in reality). Over an extended period, this underestimate could lead to a substantial understatement of likely population and hence new dwelling needs.

In summary, total additional dwelling demand in New Norfolk over 2017-37 is estimated to be 116 dwellings at the low end, but more likely, in our opinion, closer to Urbis' projection (**1,014 additional dwellings**) which allows for higher observed growth in recent years as New Norfolk has attracted more people seeking lifestyle and affordability benefits of the area.

The Mills proposes around 750 lots, which is the equivalent of around 14 years' supply based on Urbis' forecast. Besides The Mills, however, there is only 1 other major subdivision development (140 lots) introducing additional dwellings. As such, even including The Mills, the current supply pipeline does not fully meet anticipated additional dwelling demand (in the order of 1,000 additional dwellings) by 2037.

Forecast Additional Dwelling Demand – Government Forecast

Derwent LGA	2017	2022	2027	2032	2037
Population Projection	10,170	10,449	10,550	10,578	10,542
Household Size	2.4	2.4	2.4	2.4	2.4
Total Dwellings	4,238	4,354	4,396	4,407	4,393
Additional Dwellings Per Annum		23	8	2	-3
Cumulative Dwelling Demand (by 2037)					155

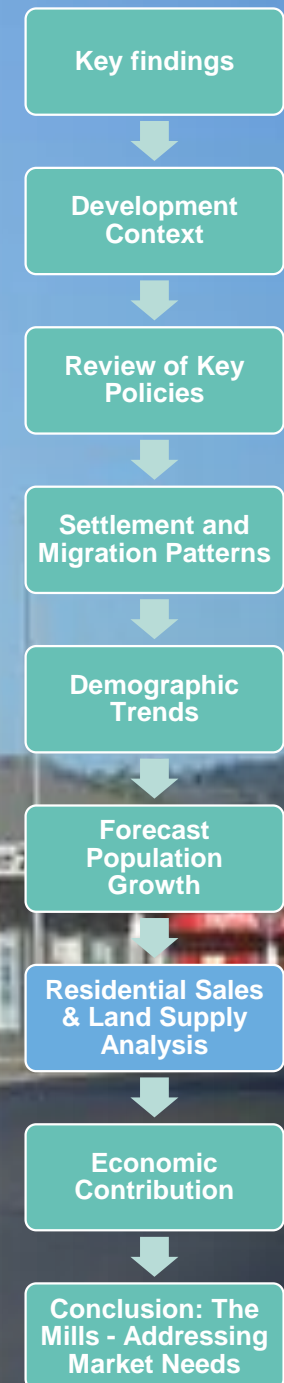
New Norfolk	2017	2022	2027	2032	2037
Total Population Growth (No.) over 5 years		209	76	21	-27
(75% of Derwent LGA Population Growth)					
Population Growth Per Annum		42	15	4	-5
Average Household Size		2.4	2.4	2.4	2.4
Additional Dwelling Demand Per Annum		17	6	2	-2
Cumulative Dwellings (By 2037)					116

Sources: Department of Treasury & Finance, ABS Statistics, Urbis

06 RESIDENTIAL SALES AND LAND SUPPLY ANALYSIS

Section Highlights:

- This section discusses recent demand trends, then analyses availability and suitability of residential-zoned land in New Norfolk to meet current, more immediate housing demand.
- Based on residential sales data and interviews with real estate agents active in New Norfolk, notable demand trends include:
 - Shifting demand in Derwent Valley towards smaller lot sizes, with 600 to 799 sqm being most popular (i.e. on average 700 sqm).
 - Smaller product type is becoming increasingly popular, including 2-Bed townhouses.
 - Overall, there is demand for more affordable housing in New Norfolk (particularly from metro Hobart residents), smaller product and newer stock (from residents keen to move out of their older homes).
- Critically, in recent years, frustration has been growing over long wait times to move into new homes. This is due to time taken for title registration and builder appointment. Buyers would therefore welcome new stock in the more immediate term.
- A significant portion of vacant residential-zoned land in New Norfolk may not be available or suitable for more immediate residential development. This is due to various hurdles such as owners choosing not to pursue general residential development, multiple ownership of land (which makes coordinated larger scale development challenging) and/or geographic considerations such as being close to flood prone areas or steep sites.
- Further, we anticipate that identified future urban land may take a considerable amount of time to deliver new housing supply.
- Considering the above, an alternative assessment of potential supply versus demand indicates that excluding The Mills, in practice, there is very limited potential residential supply in New Norfolk in the next 10 to 20 years.



DERWENT VALLEY LGA: SHIFTING MARKET DEMAND TOWARDS SMALLER LOTS

Key Insights

The earlier section discussed recent demographic and population trends, and how they could potentially impact on housing demand.

In the next couple of pages, we analyse sales evidence in Derwent Valley LGA over 2015 to 2020. The purpose of this analysis is to identify any shifts in market demand as a result of demographic and population trends identified earlier.

The chart adjacent illustrates residential land sales that occurred from January 2015 to October 2020, based on online listings aggregated by Pricerfinder. We note that only settled sales are reflected in Pricerfinder data. Further, rural and englobo land sales have not been included.

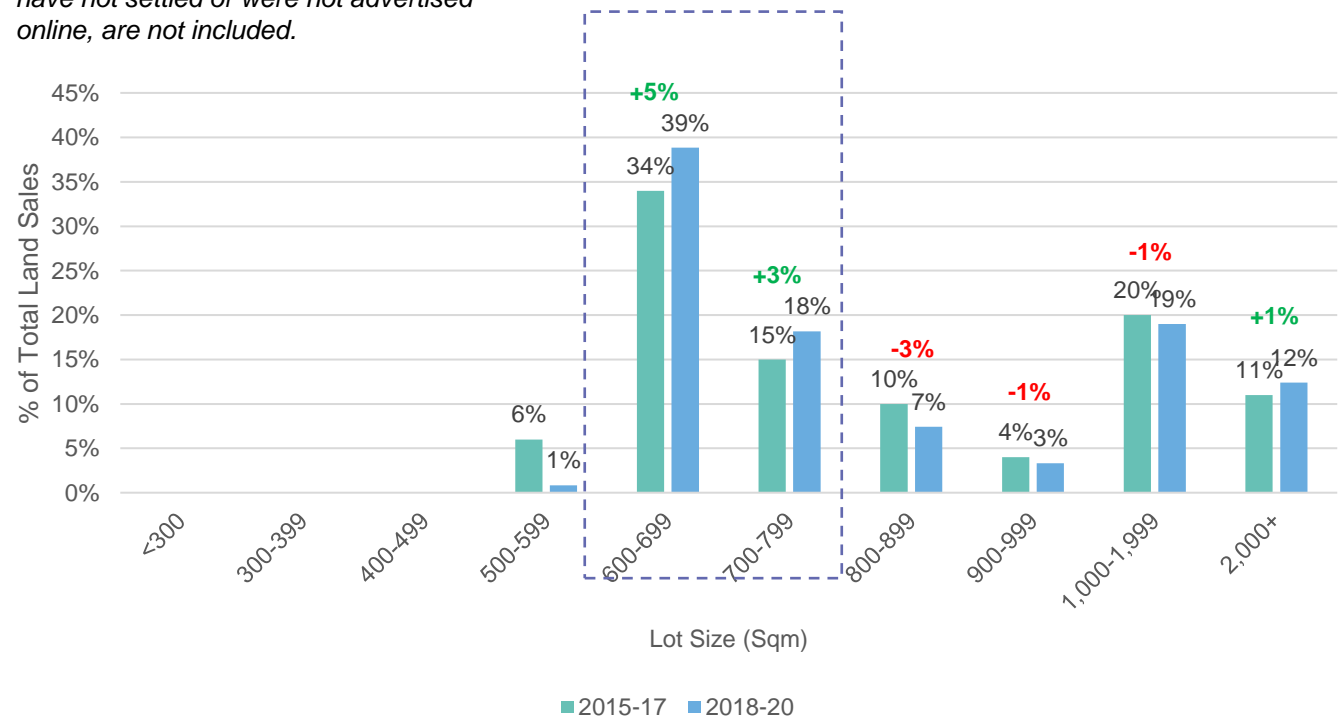
Evidently, the sales evidence points to shifting market demand in Derwent Valley LGA towards smaller lot sizes. This is in line with decreasing average household sizes (identified earlier):

- Smaller lot sizes of 600-699 sq.m and 700-799 sqm increased in their share of overall land sales by +5% pts and +3% pts respectively, over 2018-20, as compared with the 3 years prior.
- Lots in the 600-799 sq.m range now represent 57% of all sales and are clearly the most popular amongst buyers.
- Conversely, across larger lot sizes of 800-1,999 sqm there was a -5% pts total decrease as a share of overall land sales over 2018-20, compared with the 3 years prior.
- Lot sizes of 2,000+ sqm experienced a slight +1% pts increase in their share of overall land sales; however, whilst classified as residential land, such lot sizes could have been purchased for other uses. Hence they may not necessarily indicate residential demand for such lot sizes.

Sales by Lot Size (Sqm) in Derwent Valley LGA: 2015-17 vs 2018-20

Number of transactions:
2015-17 - 100 sales
2018-20 – 121 sales

Note that sales data is based on settled sales from online listings, hence sales that have not settled or were not advertised online, are not included.



Source: Pricerfinder; Urbis

Note: The chart above is based on online listings data aggregated by Pricerfinder for residential land sold from 1 Jan 2015 to 20 Oct 2020. Only settled sales are included.

DERWENT VALLEY LGA: SHIFTING MARKET DEMAND TOWARDS SMALLER PRODUCT TYPES

Key Insights

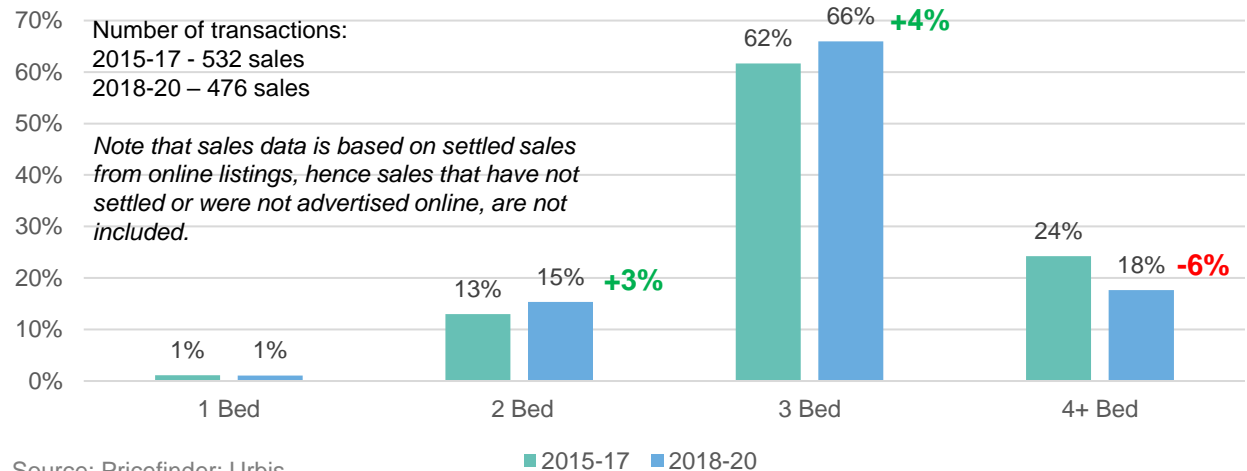
The previous page analysed residential land sales. Here we analyse dwelling sales to understand market demand in Derwent Valley LGA for various product types (number of bedrooms).

The charts adjacent reflect dwelling sales from January 2015 to October 2020 by product type, based on online listings aggregated by Pricerfinder. We note that Pricerfinder data only includes settled sales.

Overall, the sales evidence points to shifting market demand in Derwent LGA towards smaller product types.

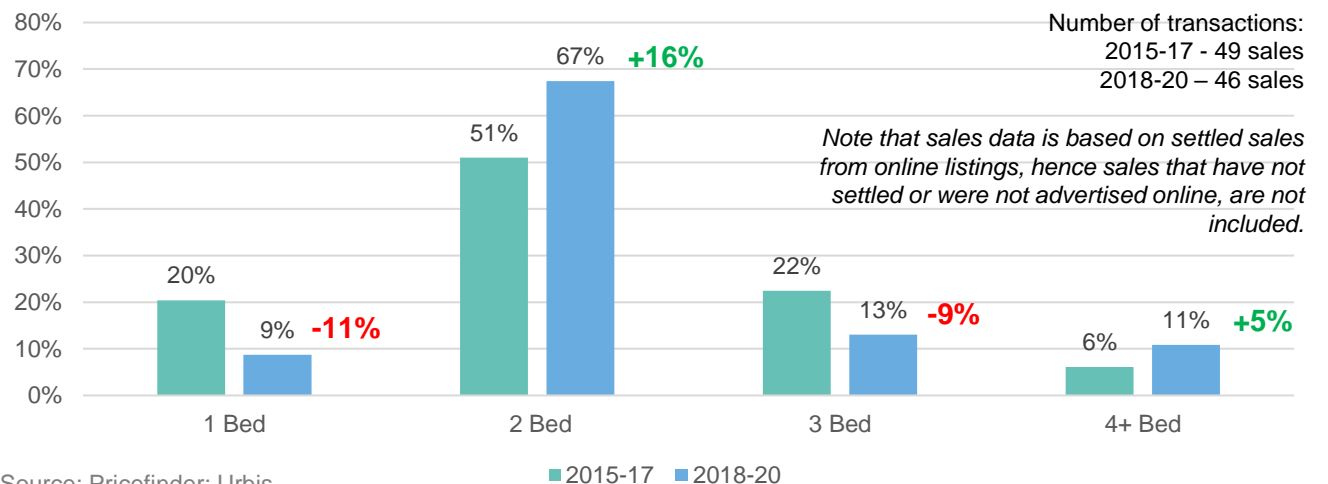
- For houses, smaller 2-Bed and 3-Bed product types increased in their share of overall house sales by +3% and +4% respectively, over 2018-20, as compared with the 3 years prior. Conversely, 4-Beds' share of overall house sales decreased by -6% over the same periods. This suggests a growing demand for smaller houses, with 3-Bed houses being most popular.
- For units/townhouses, 2-Beds were the sweet spot, forming a majority 67% of overall townhouse sales over 2018-20. Further, this proportion increased by +16% from the 3 years prior. Conversely, larger 3-Beds decreased in their share of overall townhouse sales by -9% pts over the same period.
- Across both houses and townhouses, there remains some demand for 4+ Beds, most likely from young and growing families.

House Sales by Product Type in Derwent Valley LGA (2015-17 vs 2018-20)



Note: The chart above is based on online listings data aggregated by Pricerfinder for vacant residential land sold from 1 Jan 2015 to 20 Oct 2020. Only settled sales are included.

Townhouse/Unit Sales by Product Type in Derwent Valley LGA (2015-17 vs 2018-20)



Note: The chart above is based on online listings data aggregated by Pricerfinder for vacant residential land sold from 1 Jan 2015 to 20 Oct 2020. Only settled sales are included.

NEW NORFOLK: GROWING FRUSTRATION OVER SHORTAGE OF NEW STOCK

Earlier pages identified shifting market demand towards smaller lot sizes and product types, based on recent sales data for New Norfolk and rest of Derwent Valley.

To further understand buyer profiles, preferences, motivations and experiences behind those sales trends, Urbis consulted a local real estate agent who interacts regularly with home buyers in New Norfolk. Further, Urbis has also drawn upon a market research report prepared by Channel in May 2020, and provided to Urbis. In this report, Channel documents findings from their interviews with various local real estate agents active in New Norfolk.

Key insights emerging from Urbis' and Channel's market studies are summarised in the chart below.

All up, there appears to be **healthy demand for new stock that is affordable**. This demand is coming from local residents seeking new, modern stock, as well as new residents who are attracted to New Norfolk's liveability and affordability. However, in recent years, based on anecdotal evidence, there appears to be **growing frustration over shortage of new stock in New Norfolk**. This shortage is arising from the length of time taken for titles to register and for builders to build new homes. Over time, this is likely to lead to rising home prices (and an affordability problem), as well as lack of housing choice. **All these point to a pressing need for new stock that can be delivered in a timely, reliable manner to address limited new stock (and choice of new stock) in New Norfolk.**

Types of Buyers

- First home buyers seeking affordability
- Downsizers seeking smaller product
- Residents from rural areas who are attracted to amenities in New Norfolk

Buyer Preferences

- Smaller product types and lot sizes are popular:
 - Townhouses
 - 2 Beds
 - Lot sizes of 670 sq.m to 750 sq.m (circa 700 sq.m)

Buyer Motivations

- Affordability - amidst worsening housing affordability in metropolitan Hobart
- Newer stock - some locals are looking to move out of their older homes into newer, more modern homes
- Smaller stock – particularly among downsizers whose children have moved out

Buyer Experiences

- Frustration over long wait time to move into a new home.
- Titles take a long time to register.
- Engaging a builder similarly takes a long time.
- Buyers would welcome new stock that can be completed in a reliable and timely manner.

Source: Various local real estate agents active in New Norfolk and metropolitan Hobart (interviewed by Urbis and Channel)

RESIDENTIAL LAND SUPPLY ANALYSIS: LIMITED SUITABLE RESIDENTIAL-ZONED LAND TO MEET MORE IMMEDIATE HOUSING DEMAND IN THE NEXT 10-20 YEARS

Earlier pages have illustrated that there is a need for more immediate housing supply as a result of:

- Shifting market demand in Derwent Valley LGA and New Norfolk towards smaller lot sizes and product types
- Growing frustration among local residents over the time taken to move into a new home due to delays in title registration and builder availability.
- New Norfolk's solid population growth as a result of its growing appeal to residents from surrounding areas and metropolitan Hobart.

In the next couple of pages, we analyse the availability and suitability of land supply to address current, more immediate residential market demand in the next 10-20 years. The map on the next page illustrates residential-zoned land in New Norfolk that is built-up and vacant, as well as identified future urban land (Urban Growth zoning). The map is based on current zoning data from the Tasmanian Planning Commission (as at Oct 2020), and building footprint data (recently updated in 2019) from Geoscape - a spatial dataset provider that sources its data from Australian Commonwealth and State governments.

Large areas of New Norfolk are not suitable for more immediate residential development over the next 10-20 years due to non-residential zoning (currently), hilly topography and/or flood risks.

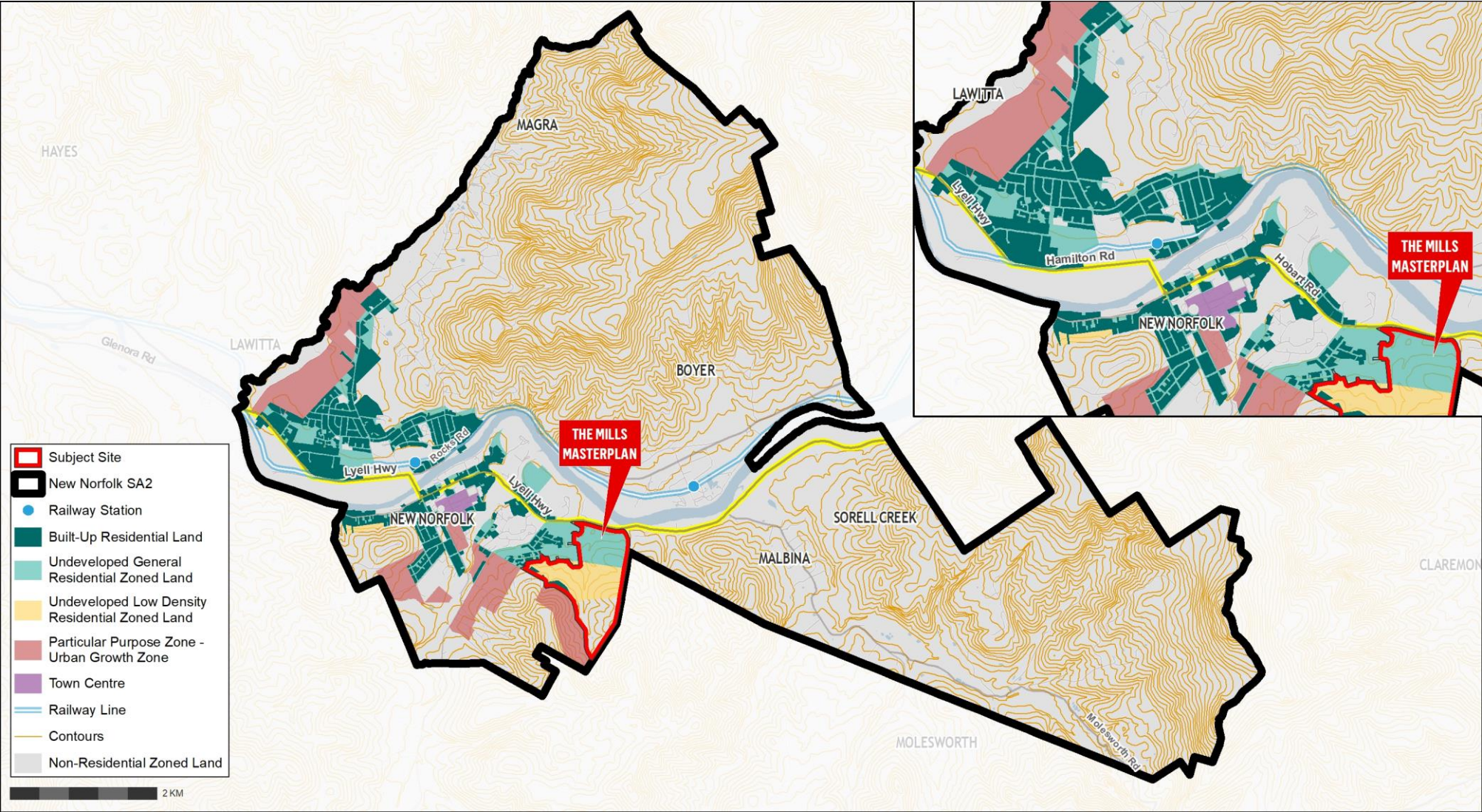
- For a range of reasons (which will be further discussed on Pg 46), currently residential-zoned land may not be suitable for residential development in the short term.
- At the same time, identified future urban land will take a more considerable length of time (compared with already residential-zoned land) to support additional housing supply. Likely for this reason, the New Norfolk Structure Plan did not include identified future urban land in its analysis of residential yield capacity in New Norfolk.
- It is therefore important that land which is suitable for more immediate residential development (such as the subject site) is optimised. The subject site can offer more certainty of residential development, being already partially residential-zoned, not within flood prone areas, and with major developer backing.

Of existing residential-zoned land that is vacant, the subject site appears to be rare in that it is suited for greenfield development. Hence the subject site plays an important role in supporting the Southern Tasmania Regional Land Use Strategy's mixed-growth scenario (mix of in-fill and greenfield development):

- Other vacant residential-zoned sites are generally smaller, separate sites closer to the town centre and hence suitable only for smaller in-fill developments.
- As such, by enabling greenfield development, the proposed master plan plays a critical role in fulfilling the Southern Tasmania Regional Land Use Strategy's mixed-growth scenario (which encourages a mixture of infill and greenfield development in New Norfolk).
- Further, larger greenfield development parcels are more likely to be able to support significant dwelling growth. Smaller development sites are often owned by less sophisticated developers who may never develop their land, even though it may be zoned and possible.

In the next couple of pages, we discuss in greater detail factors that may limit more immediate residential development in New Norfolk, and how this impacts on residential demand and supply.

DISTRIBUTION OF VACANT RESIDENTIAL-ZONED LAND AND IDENTIFIED FUTURE URBAN LAND IN NEW NORFOLK



Sources: Urbis, Geoscape, Tasmanian Planning Commission

RESIDENTIAL LAND SUPPLY ANALYSIS: VACANT RESIDENTIAL-ZONED LAND IN NEW NORFOLK MAY NOT BE SUITABLE FOR RESIDENTIAL DEVELOPMENT

Key Insights

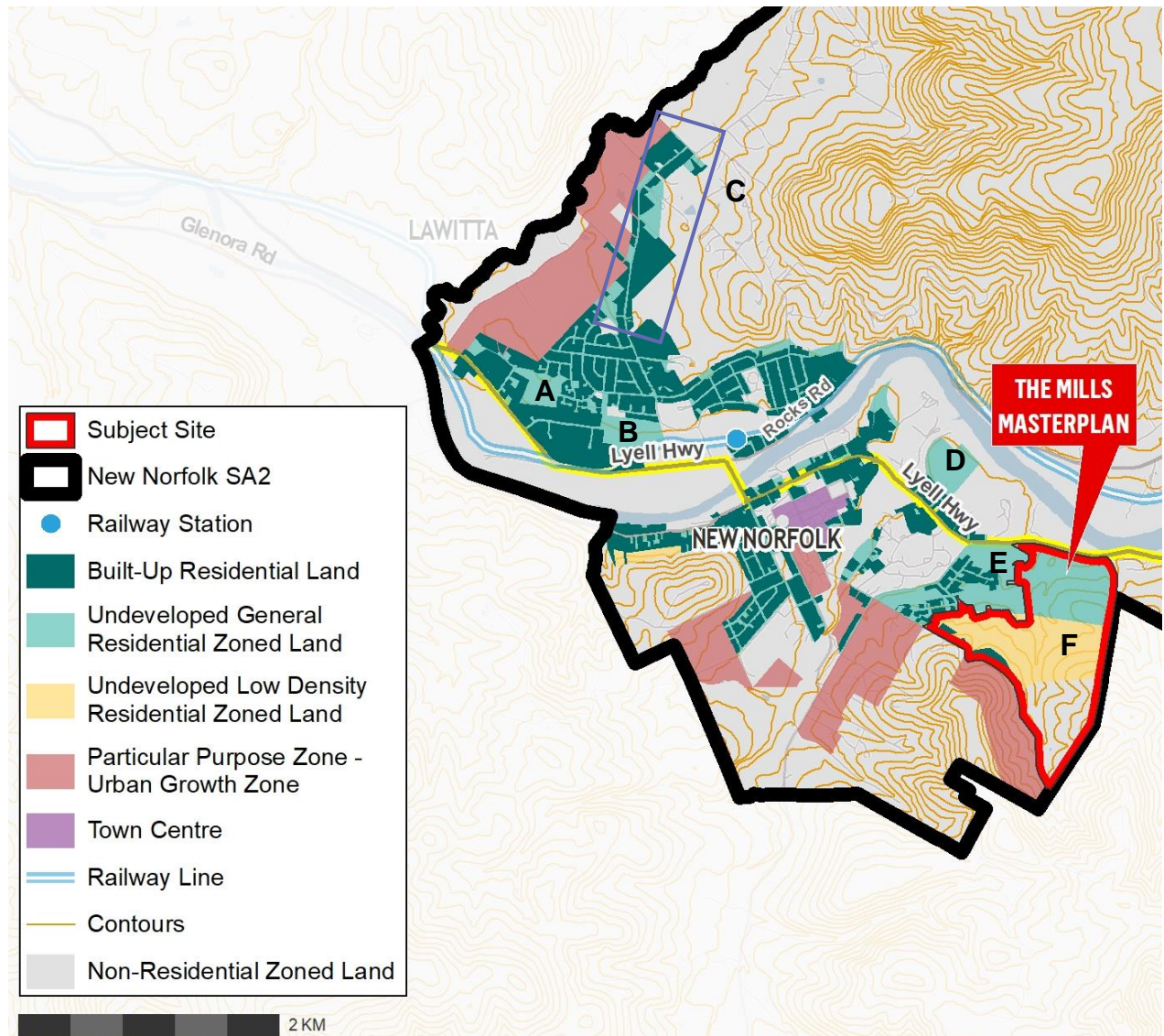
Here we analyse key vacant residential-zoned sites in New Norfolk (other than the proposed master plan at Site F) to assess their suitability for residential development. Locations of these sites are illustrated (and labelled) in the adjacent map.

To understand the local circumstances surrounding each of these sites, a local real estate agency active in New Norfolk has been consulted. Key insights include:

- Site A: Unlikely to be available for general residential development as it is owned by Housing Tasmania, who will most likely use it in time to address public housing needs
- Site B: Unlikely to be available for residential development in the short to medium term, as it is owned by the developer behind Gateway Estate, who has been impacted by significant challenges in delivering Gateway Estate. Challenges include delays in title registration and timely delivery.
- Area C: Vacant land here belongs to various owners making coordinated housing delivery difficult. This area is made up predominantly by separate houses/lots, hence less suited for larger scale residential development.
- Site D: Circumstances surrounding this site are unknown; however, it is adjacent to flood prone areas and the river, hence it may be less suited for residential development due to possible flood risks and additional site adaptation.
- Site E: Partially developed as part of the Gateway Estate which has not been able to respond to buyer demand. Part of the site has been sold to Noble Ventures for further development.

All up, the above analysis reveals that whilst there are vacant residential-zoned sites in New Norfolk, in practice, due to various hurdles and circumstances, they may not be available or suitable for residential development in the short to medium term.

Map of Vacant Residential-zoned Land in New Norfolk



NEW NORFOLK STRUCTURE PLAN OVERSTATES THE SUPPLY PIPELINE

Key Insights

Considering earlier evidence and analysis, we are of the view that the New Norfolk Structure Plan 2016 has overstated the supply pipeline in its background residential analysis (see adjacent).

Section 2 (Pg 17-19) detailed the conclusions of the New Norfolk Structure Plan, which indicated 85-100 years of residential supply. This is overstated:

- Much of New Norfolk's vacant residential-zoned land (other than the Mills) is unlikely to be suitable for residential development due to various practical hurdles. These hurdles include landowners who are less keen to pursue private residential development or significant challenges posed (such as ownership by multiple landowners which makes larger scale residential development challenging).
- Further, it is unlikely that New Norfolk will see additional land supply that is suitable for residential development, over the next 10-20 years. Large areas of land in New Norfolk are either non-residential zoned (currently), of hilly topography or close to flood prone areas. Identified future urban land will also take a considerable amount of time to deliver new housing supply and are less certain.
- Anecdotal evidence from agents also points to a shortage of available stock, particularly new stock. To date, there is only 1 other major subdivision development (140 lots), as advised by Council. Combined with The Mills' proposed lots (738), pipeline supply is around 880 lots, which amounts to some 17 – 18 years' supply (assuming 51 additional dwelling demand per annum), not 85 – 100 years (as indicated in the New Norfolk Structure Plan).
- Recent years' stronger population growth, which exceeds government forecasts, suggests that Urbis' higher population projection is more likely. This results in higher additional dwelling demand absorbing the pipeline supply.

To address the above, we propose a more practical residential demand supply analysis in the overleaf.

Structure Plan (2016) – Dwelling Yield Analysis (New Norfolk)

	Land Area (Approx.)	Dwelling Yield based on min. scheme requirement*****	Dwelling yield based on 700sq.m per lot
Approved Subdivision	N/A	196*	196*
Underutilised General Residential zoned land	44.17Ha	679**	679**
Vacant General Residential zoned land	98.64Ha	1,918***	1,233***
Vacant Low Density Residential zoned land	52Ha	455***	455***
Identified Future Urban land	170Ha	3,305	2,125
TOTAL POTENTIAL DWELLING YIELD****		3,248	2,563

* This is the approved number of lots.

** Assumes 50% reduction in available land due to existing development.

*** Assumes 12.5% reduction in available land due to provision of road, infrastructure and open space.

**** Does not include yield from future urban land.

***** Assumed min. scheme requirement for General Residential zoned land is 450sq.m and for Low Density Residential zoned land is 1,000sq.m, based on the Derwent Valley Interim Planning Scheme (2015). It is further assumed that there is only 1 dwelling per lot.

A MORE PRACTICAL RESIDENTIAL DEMAND SUPPLY ANALYSIS

Key Insights

Here we suggest a more likely residential demand-supply outcome that considers what could be delivered (in practice) over the short to medium term (10 to 20 years), to meet more immediate demand for circa 1,000 additional dwellings (identified on Pg 39).

Key insights of note are:

- When The Mills is excluded, vacant residential-zoned land (General and Low Density) is noticeably reduced from circa 150Ha to 65Ha.
- Underutilised general residential zoned land is less likely to result in significant additional housing supply over the next 10-20 years. Critically, such underutilised residential land is mainly occupied by single dwellings under multiple ownership, which makes larger scale development challenging (see the map on the following page), particularly areas to the north west of the town where most “underutilised” land is in fact established acreage living that is not readily developed. We assume only 10% of this land is actually developable in the short to medium term.
- As discussed earlier (on Pg 46), a significant portion of vacant residential zoned land may not be suitable for residential development in the next 10-20 years (hence we assume 50% developable within 20 years).

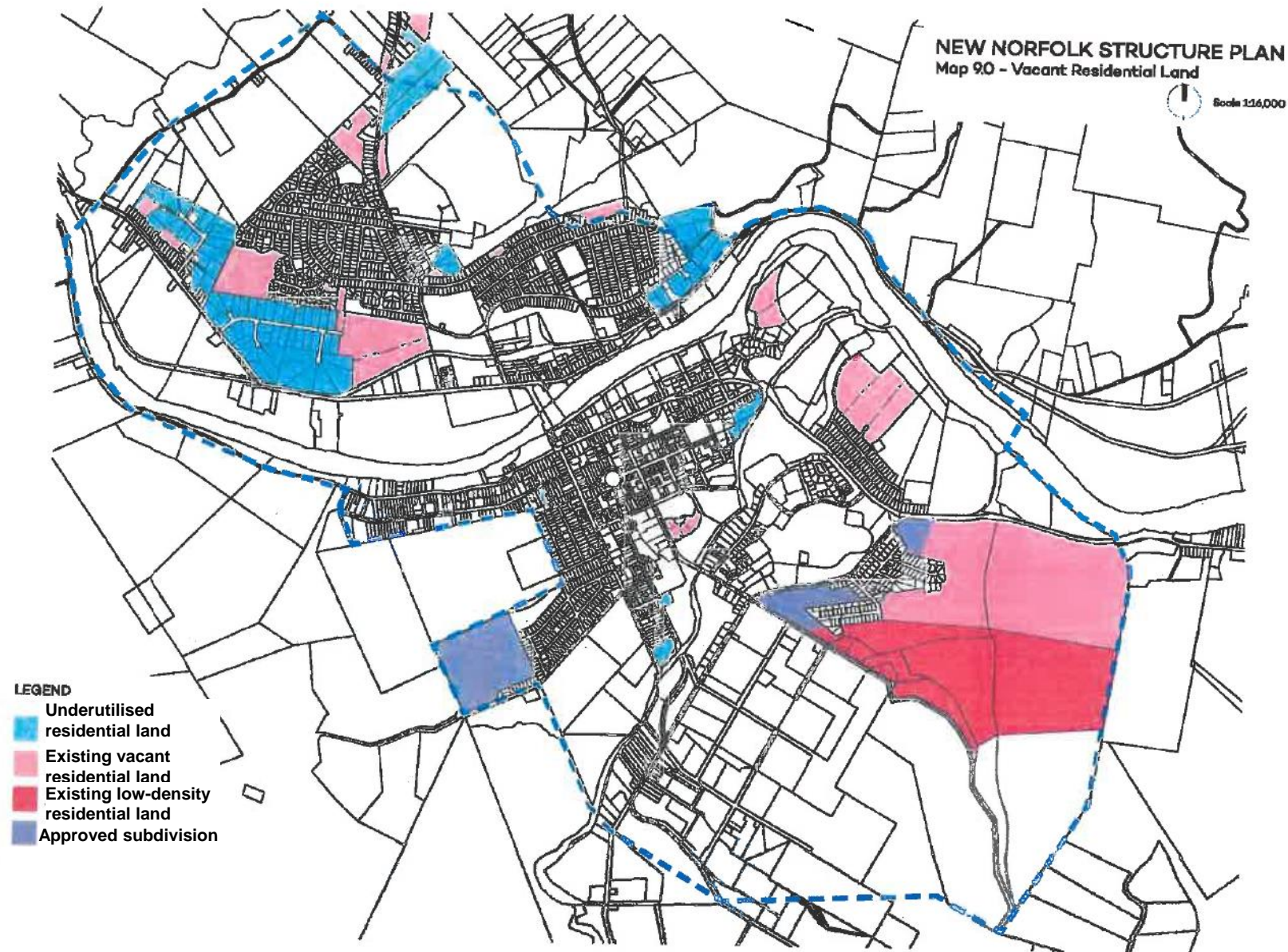
All up, excluding identified future urban land (which is less certain and also excluded from New Norfolk Structure Plan’s analysis), without The Mills, potential residential supply in New Norfolk is very limited. The potential supply amounts to circa 600 potential dwellings, which is equivalent to around 12 years’ supply (based on 51 additional dwellings needed p.a., Pg 39). This is unable to fulfill the forecast additional dwelling demand for circa 1,000 dwellings over 2017-37. The undersupply could be even more acute if some potential supply does not materialise, resulting in an affordability problem, considered further shortly.

Dwelling Yield Analysis (New Norfolk) – Urbis View

	Land Area (Approx.)	Land Area (Approx.) excluding The Mills	Developable Land (excl 12.5% of land set aside for infrastructure, services)	% Developed in the more immediate term (10-20 Years)	Potential Dwelling Yield
Approved Subdivision	N/A	N/A	N/A	N/A	140 (advised by Council)
Underutilised General Residential zoned land	44.17Ha	44.17Ha	44.17Ha	10%	63
Vacant General Residential zoned land	98.64Ha	60.4Ha (Deducted 38.24Ha set aside for The Mills)	52.85Ha	50%	378
Vacant Low Density Residential zoned land	52Ha	4.7Ha (Deducted 47.3Ha set aside for The Mills)	4.11Ha	50%	21
Identified Future Urban land (excluded from New Norfolk Structure Plan analysis)	170Ha	170Ha	148.75Ha	20%	425
TOTAL POTENTIAL DWELLING YIELD (excluding The Mills and excluding identified future urban land)					601
TOTAL POTENTIAL DWELLING YIELD (excluding The Mills, including identified future urban land)					1,026

Lot sizes assumed: 700sqm (which is aligned with current market demand as discussed on Pg 41), except low-density residential zoned land for which we have assumed larger lots of 1,000sqm.

DISTRIBUTION OF UNDERUTILISED & VACANT RESIDENTIAL ZONED LAND (NEW NORFOLK STRUCTURE PLAN 2016)



NEW NORFOLK: RISING PRICES (AND POTENTIAL FOR AFFORDABILITY PROBLEM)

Key Insights

The charts adjacent illustrate median housing prices in metropolitan Hobart (top) and New Norfolk (below) over 2009-19.

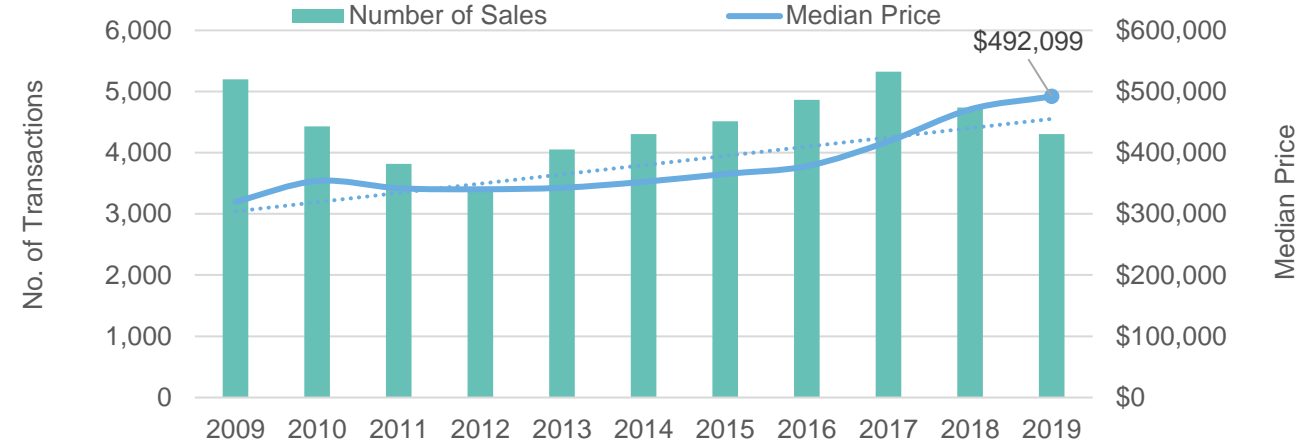
As illustrated in the chart above, metropolitan Hobart's housing prices have been rising since 2013. This coincides with strong population growth in metropolitan Hobart and Tasmania (Pg 21). Faced with worsening housing affordability, metropolitan Hobart residents are looking at suburbs just outside of the metropolitan area, such as New Norfolk.

New Norfolk maintains a significant price differential (\$285,295 in 2019, as compared to \$492,100 in metropolitan Hobart), making New Norfolk an attractive, nearby alternative.

With New Norfolk's rising popularity, sales transactions in New Norfolk have increased significantly. This is accompanied by a substantial jump in median housing price by 33% over 2016-19. During this time, New Norfolk experienced strong population growth, outperforming government forecasts.

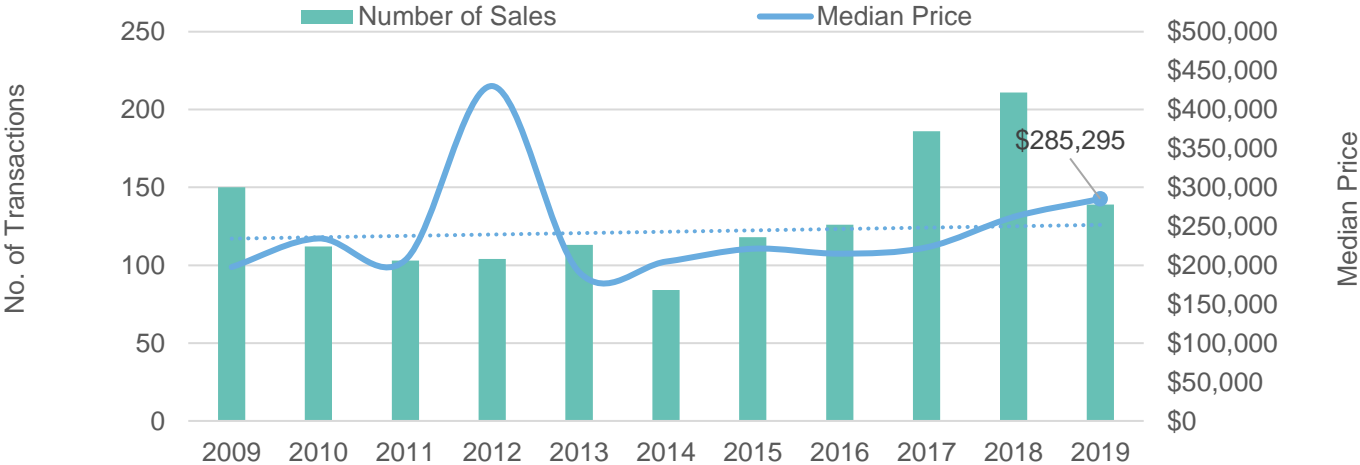
Rising housing prices are also an indication that population growth is being met by very limited new supply. If the limited supply pipeline is not addressed, there is a risk that scarcity will increase, leading to further price increases within New Norfolk. A greater supply is important in maintaining market balance and sustainable price increases.

Metropolitan Hobart – Median Price (All Dwellings), Year to Dec 2019



Source: Pricefinder; Urbis
Note: The chart above is based on online listings data aggregated by Pricefinder. Only settled sales are included.

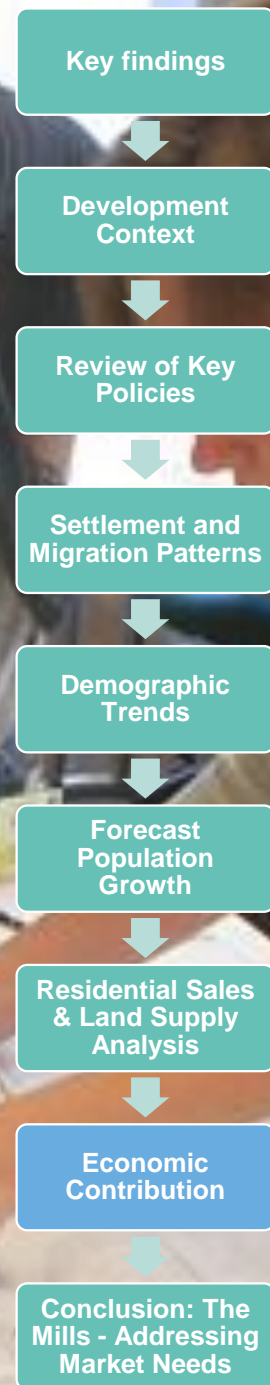
New Norfolk – Median Price (All Dwellings), Year to Dec 2019



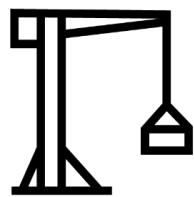
07 ECONOMIC CONTRIBUTION OF THE PROPOSED RESIDENTIAL SUBDIVISION

Section Highlights:

- This section discusses wider economic benefits presented by The Mills' residential estate. Key economic benefits include:
 - Job creation – Circa 170 jobs created for Tasmania per annum and circa 77 jobs created for Derwent Valley per annum, over FY21-31 due to housing construction
 - Gross State Product: \$10m generated in FY21, \$43m p.a. over FY2022-32, for the Tasmanian economy
 - Gross Regional Product: \$5.9m generated in FY21, \$30m p.a. over FY2022-32, for the Derwent Valley economy
 - Tax revenue: \$1.4m p.a. over FY21-40 for the Tasmanian Government; tax revenue to Derwent Valley Council is expected to ramp up from \$30K p.a. in FY22 to \$900K p.a. in FY31 and beyond.
 - Further, the overall masterplan (not only residential) also offers broader economic benefits. Commercial and civic uses within the masterplan (such as a child and family centre, hospital and hotel) enhance amenities and services for residents and visitors. The masterplan also promotes New Norfolk's reputation as a desirable and liveable community, potentially attracting further investment.



THE MILLS RESIDENTIAL DEVELOPMENT: EMPLOYMENT BENEFITS



Construction-related employment is expected to commence in FY21, with activities ramping up from FY22 and continuing through to FY2032. These activities will result in direct employment (generated by construction and operation of the residential estate) and indirect employment (generated by flow-on activities from other producers and households).

Within the first year (FY21), **62 FTE direct & indirect jobs** are likely to be created for the State (**30 in Derwent Valley**).

As activities ramp up over FY22-32, on average, **173 FTE direct & indirect jobs** are likely to be created for the State per annum (**81 in Derwent Valley**).

Average annual full-time equivalent jobs created in Tasmania



75
DIRECT FTE* JOBS

Avg. direct FTE jobs per year from FY21 to FY32



95
INDIRECT FTE* JOBS

Avg. indirect FTE jobs from FY21 to FY32

Average annual full-time equivalent jobs created in Derwent Valley



34
DIRECT FTE* JOBS

Avg. direct FTE jobs per year from FY21 to FY32



43
INDIRECT FTE* JOBS

Avg. indirect FTE jobs from FY21 to FY32

Note: This assessment is based on an Economic Impact Assessment report (dated 3 Dec 2020) prepared by BDO Services Pty Ltd, and provided to Urbis. BDO’s methodology is detailed in Appendix 2.

** FTE = Full-Time Equivalent, Direct jobs refers to jobs generated by construction and operation of the residential estate; indirect jobs refer to jobs generated by flow-on activities from other producers and households.*
Source: BDO Services Pty Ltd

THE MILLS RESIDENTIAL DEVELOPMENT: ECONOMIC BENEFITS



Construction-related activities are expected to commence in FY21, which will be followed by a ramp up of activities from FY22 and through to FY32. These activities are expected to generate gross state product for the Tasmanian economy and gross regional product for Derwent Valley's economy.

Within the first year (FY21), **\$10m gross state product** is expected to be generated for Tasmania (**\$5.9m for Derwent Valley**).

As activities ramp up over FY22-32, on average, **\$43m gross state product** is likely to be generated for Tasmania per annum (**\$30m in Derwent Valley**).

Note: This assessment is based on an Economic Impact Assessment report (dated 3 Dec 2020) prepared by BDO Services Pty Ltd, and provided to Urbis. BDO's methodology is detailed in Appendix 2.

Gross State Product Generated for Tasmanian Economy



10M

GROSS STATE PRODUCT

Generated within the first year (FY21)



\$43M

GROSS STATE PRODUCT

Generated per annum over FY22-32

Gross Regional Product Generated for Derwent Valley Economy



\$5.9M

GROSS REGIONAL PRODUCT

Generated within the first year (FY21)



\$30M

GROSS REGIONAL PRODUCT

Generated per annum over FY22-32

THE MILLS RESIDENTIAL DEVELOPMENT: IMPACT ON GOVERNMENT TAX REVENUE



The impact on government tax revenue is expected to commence in FY21, when construction begins.

As construction ramps up according to the staging plan, tax revenue to the Derwent Valley Council (in the form of council rates) is expected to increase.

Tax revenue to the Tasmanian Government will comprise stamp duty, land tax and payroll tax, averaging approximately **\$1.4m per year** between FY21 and FY40.

Revenue to Derwent Valley Council is expected to ramp up from \$0.03 million in FY22 to **\$0.9m** in FY31. Council rates will maintain at \$0.9 million per annum post-FY31.

Note: This assessment is based on an Economic Impact Assessment report (dated 3 Dec 2020) prepared by BDO Services Pty Ltd, and provided to Urbis. BDO's methodology is detailed in Appendix 2.

Tax Revenue Generated for Tasmanian Government

 **1.4M**
TAX REVENUE

Generated per annum over
FY21-40

Tax Revenue Generated for Derwent Valley Council

 **\$30K**
COUNCIL RATES

Generated in FY21, ramping
up over FY21-31

 **\$900K**
COUNCIL RATES

Generated per annum in
FY2031, and to be
maintained post-FY31.

OTHER WIDER ECONOMIC CONTRIBUTIONS

Wider Economic Contribution

Beyond economic and tax contributions identified earlier, the proposed residential estate also presents broader benefits to the local area, including, but not limited to:

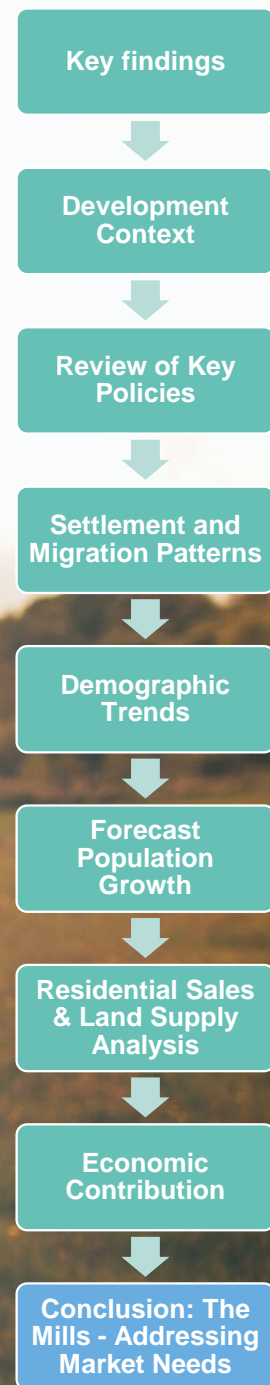
- Attracts new residents who will spend on local businesses (such as retail, dining, medical and childcare services).
- Enhances local residents' quality of life by offering housing options in proximity to recreation spaces (such as bike and walking trails within the master plan) and local amenities (a short drive away).
- Creates flow-on benefits to commercial uses within the master plan, which include a commercial market, child and family centre, hospital and hotel, all of which are services that new residents and their visitors are likely to need. These proposed commercial uses will however, also be available to existing residents of the area and will translate into employment for local residents.
- Promotes New Norfolk's reputation as a desirable and liveable community, which could attract future investments into the area.
- Ultimately, all these benefits work hand-in-hand to stimulate New Norfolk's local economy, improve local residents' quality of life, and shape New Norfolk's brand as a special community which is rich in heritage and scenic beauty.



08 CONCLUSION: THE MILLS - ADDRESSING MARKET NEED

Section Highlights:

- Finally, this section brings all earlier analysis together to demonstrate The Mills development will:
 - Support the Southern Tasmania Regional Land Use Strategy's intent by being a rare residential-zoned site in New Norfolk that is suited for greenfield development
 - Respond to current market needs by introducing smaller lots (which are increasingly popular) and provide recreational spaces within the development to enhance residents' quality of life.
 - Play an important role in delivering more immediate housing supply (10-20 years) in New Norfolk.
- Short to medium term housing supply in New Norfolk is limited. The vacant residential-zoned land (other than The Mills) is generally less suited for more immediate development. Further, identified future urban land may take a considerable amount of time to deliver significant additional housing supply, in the more immediate term (10-20 years).
- As such, excluding The Mills, total potential residential supply is circa 600 dwellings (equivalent to around 12 years' supply), less than the 1,000 dwellings anticipated to be required between 2017 and 2037. The Mills is critical to fulfilling more immediate residential supply.



CONCLUSION: THE MILLS MASTER PLAN TO RESPOND TO MARKET NEED

In summary, there are significant opportunities for The Mills masterplan to address market need, whilst supporting the Southern Tasmania Regional Land Use Strategy.

SUPPORTING THE SOUTHERN TASMANIA REGIONAL LAND USE STRATEGY

The Mills masterplan supports the intent of the Southern Tasmania Regional Land Use Strategy:

- The Mills is a rare residential-zoned site in New Norfolk that is suitable for greenfield development, whereas other vacant residential-zoned sites are more suited for in-fill development. In this way, The Mills plays an important role in supporting the mixed-growth direction for New Norfolk – to achieve residential growth through a mix of in-fill and greenfield development.
- Additionally, The Mills addresses current market need (detailed adjacent) which supports the intent of the Southern Tasmania Regional Land Use Strategy, around facilitating future growth and being responsive to future needs.
- Considering the evidence here, we are also of the view that there appears to be a need to review New Norfolk's role in the Southern Tasmania Regional Land Use Strategy.
 - Such a review is in line with the Strategy's suggestion to continuously review the strategy's relevance to current and future needs.
 - As analysed previously, the Strategy was developed at a time when Tasmania and metropolitan Hobart were experiencing slower population growth;
 - However, since then, population growth has been stronger, with metropolitan Hobart residents flowing out into suburbs like New Norfolk, just outside the metropolitan Hobart area.
 - In light of these recent developments, there appears to be a need to review New Norfolk's position right outside the urban growth boundary.

RESPONDING TO MARKET NEED

The Mills masterplan has been enhanced from the previously approved subdivision plan (endorsed in 2012), in response to current market demand. The new plan proposes smaller lots (~700 sqm), surrounded by significant shared open and recreational spaces (rather than a similar number of lots in the originally approved scheme, but they were much larger). As such, this enhanced masterplan offers a range of benefits that respond to the market demand and need identified in this report:

- The open space is now being provided collectively, meaning house purchasers don't have to buy a large lot to get access to it.
- Smaller lots are more affordable, maintaining the appeal of New Norfolk's price differential to Metro Hobart.
- Smaller lots are in greater demand.
- Smaller lots respond to the profile of movers to the area who are not just families, but include a large share of lone person and couple households.
- Smaller lots are also appealing to the increasing cohort of renters who generally don't want large houses on large lots that need to be maintained.
- The siting and environment created will be highly attractive, potentially attracting new markets to New Norfolk who are suffering from a lack of available houses across other parts of Hobart.
- The planned community and major developer backing can provide buyers with surety to encourage them to buy land, knowing they will be able to build a house and move within a short timeframe.
- The plan will increase the supply of residential land, providing greater housing choice, diversity and maintaining affordable pricing.

Ultimately The Mills enables New Norfolk to respond to market demand, and fulfil its role as a growing area just outside the metro Hobart area. New Norfolk offers residents the best of both worlds: affordability, lifestyle, but with access to the employment opportunities and other amenity in metropolitan Hobart.

CONCLUSION: THE MILLS WILL MEET THE SHORT TO MEDIUM TERM DEMAND FOR HOUSING WHICH OTHER VACANT RESIDENTIAL-ZONED LAND MAY NOT BE ABLE TO FULFILL

Key Insights

The Mills also plays an important role in delivering more immediate housing supply (10-20 years) in New Norfolk.

- As discussed earlier (Pg 48), The Mills makes up a significant share of vacant residential-zoned land.
- Therefore, if we exclude The Mills, potential residential supply in New Norfolk is significantly reduced.
- Potential residential supply in New Norfolk is further constrained as a result of the following:
 - Underutilised residential land is being occupied mainly by single dwellings and multiple owners, which makes coordination for larger scale residential development challenging.
 - Vacant residential-zoned land is largely not suitable for more immediate residential development due to multiple ownership/titles, landowners choosing not to pursue general residential development, and/or geographic features such as proximity to flood prone areas.
 - Identified future urban land may not deliver significant additional housing supply in the more immediate term (10-20 years). Reflecting this, it is not included in New Norfolk Structure Plan's residential supply analysis.

Excluding The Mills, total potential residential supply is circa 600 dwellings (equivalent to around 12 years' supply based on 51 additional dwellings needed p.a., Pg 39). Evidently, The Mills is critical to fulfilling more immediate (10 to 20 years) residential supply.

Dwelling Yield Analysis (New Norfolk) – Urbis View (as presented on Pg 48)

	Land Area (Approx.)	Land Area (Approx.) excluding The Mills	Potential Dwelling Yield
Approved Subdivision	N/A	N/A	140 (advised by Council)
Underutilised General Residential zoned land	44.17Ha	44.17Ha	63
Vacant General Residential zoned land	98.64Ha	60.4Ha (Deducted 38.24Ha set aside for The Mills)	378
Vacant Low Density Residential zoned land	52Ha	4.7Ha (Deducted 47.3Ha set aside for The Mills)	21
Identified Future Urban land (excluded from New Norfolk Structure Plan analysis)	170Ha	170Ha	425
TOTAL POTENTIAL DWELLING YIELD (excluding The Mills and excluding identified future urban land)			601
TOTAL POTENTIAL DWELLING YIELD (excluding The Mills, including identified future urban land)			1,026

09

APPENDICES

APPENDIX 1: COMPARISON BETWEEN NEW NORFOLK AND CLARENCE SA2S

Characteristic	New Norfolk (SA2)	Clarence (SA2)	Non-metro Tasmania
Estimated Resident Population (2016)	6,595	7,755	293,125
Average Household Income	\$58,750	\$61,870	\$65,825
Average Household Size	2.4	2.3	2.3
Average Age	40.2	39.7	41.0
Household Structures	Families with children (<15): 25% Couples with no kids: 26% Lone Persons: 30.5%	Families with children (<15): 25% Couples with no kids: 22% Lone Persons: 34%	Families with children (<15): 23.3% Couples with no kids: 30.5% Lone Persons: 30.6%

Sources: ABS Census, Urbis

APPENDIX 1: COMPARISON BETWEEN DERWENT VALLEY AND AUSTINS FERRY – GRANTON SA2S

Characteristic	Derwent Valley (SA2)	Austins Ferry-Granton (SA2)	Non-metro Tasmania
Estimated Resident Population (2016)	3,175	3,970	293,125
Average Household Income	\$66,890	\$82,230	\$65,825
Average Household Size	2.5	2.6	2.3
Average Age	39.4	38.0	41.0
Household Structures	Families with children (<15): 24.5% Couples with no kids: 32.5% Lone Persons: 26.5%	Families with children (<15): 38% Couples with no kids: 39% Lone Persons: 20%	Families with children (<15): 23.3% Couples with no kids: 30.5% Lone Persons: 30.6%

Sources: ABS Census, Urbis

APPENDIX 2: ECONOMIC IMPACT ASSESSMENT METHODOLOGY (BDO)

BDO's Economic Impact Methodology

BDO EconSearch's Regional Industry Structure & Employment models (RISE models) have been used to estimate the likely direct and indirect economic impacts of The Mills Development.

The RISE models, developed by BDO EconSearch over the last decade, use an extension of the conventional input-output method. The RISE models provides a comprehensive economic framework that is applied widely in the resource planning process, particularly for regional economic contribution applications.

The total economic impacts of The Mills Development are built up from both its direct and indirect impact:

- Direct employment and impacts to GRP/GSP are generated by supply chain expenditures associated with The Mills Development construction and operational phases
- Production-induced employment and impacts to GRP/GSP captures the activity of firms that supply inputs and services to 'direct activity' businesses, as well as the 'second and subsequent round' effects as successive waves of output increases occur in the economy to provide industrial support, as a response to the original wave of expenditure incurred by The Mills Development.
- Consumption-induced employment and impacts to GRP/GSP captures activity of households with increased household income resulting from The Mills Development original expenditure (i.e. wages) and its flow-on effects. The expenditure of this increased household income will generate economic activity that will in itself generate further activity.

Total employment and impacts to GRP/GSP are the sum of the direct, production- and consumption-induced impacts described above.

The economic impacts were measured both at the regional level (Derwent Valley LGA) and then at the state level using the RISE models. State-level flow-on and total effects are greater than regional-level effects due to leakages of economic activity from the Derwent Valley LGA region.

All economic impact results are expressed in real 2020 dollars.

APPENDIX 2: TAX IMPACT ASSESSMENT METHODOLOGY (BDO)

BDO's Tax Impact Methodology

The tax impact estimation includes payable amounts by the client, house owners for the residential-related components, and also includes payroll taxes payable by businesses indirectly involved via the production and consumption induced impacts of the overall development.

All tax impact results are expressed in real 2020 dollars.

Stamp Duty

Stamp duty estimates were made using rates based on certain value thresholds (including both a base rate and a percentage rate payable per \$100 above the threshold value, see below). Stamp duties were assumed to be payable in the same year as construction completion. Sales price estimate was provided by the client.

Property Value	Stamp Duty Payable
Up to \$3,000	\$50
Between \$3,001 and \$25,000	\$50 plus 1.75% for every \$100 by which the dutiable value exceeds \$3,000
Between \$25,001 and \$75,000	\$435 plus 2.25% for every \$100 by which the dutiable value exceeds \$25,000
Between \$75,001 and \$200,000	\$1,560 plus 3.5% for every \$100 by which the dutiable value exceeds \$75,000
Between \$200,001 and \$375,000	\$5,935 plus 4% for every \$100 by which the dutiable value exceeds \$200,000
Between \$375,001 and \$725,000	\$12,395 plus 4.25% for every \$100 by which the dutiable value exceeds \$375,000
More than \$725,000	\$27,810 plus 4.5% for every \$100 by which the dutiable value exceeds \$725,000

Source: State Revenue Office of Tasmania

Land Tax

Land tax payable each year for each component of The Mills development were estimated based on a base rate and a percentage rate payable per dollar above the threshold value (see below)

Total Land Value	Current Tax Scale
\$0 - \$24,999	Nil
\$25,000 - \$349,999	\$50 plus 0.55% of value above \$25,000
\$350,000 and above	\$1,837.50 plus 1.5% of value above \$350,000

Source: State Revenue Office of Tasmania

Land tax was assumed to be payable based on the estimated land value of the property:

- The land value estimates for the Residential Estate were provided by Omega in aggregate with civil works costs. Thus, land tax for these two components may be actually lower than currently presented if civil works costs were excluded.
- In addition, land tax is not required for owner occupied homes. Thus, it was assumed that 72% of homes in both components would be owner occupied and as a result the land value was calculated for 28% of homes developed.

Overall, the land value estimates are conservative as they only consider the land purchase price and do not consider land value uplift from the development or any inflation. This is likely to result in conservative estimates for land tax that may be received by the Tasmanian Government.

APPENDIX 2: TAX IMPACT ASSESSMENT METHODOLOGY (BDO)

BDO's Tax Impact Methodology

Council Rates

Council rates estimates were made by applying a flat rate (8.57 c/\$) to the Assessed Annual Value of the property, provided by Derwent Valley Council.

The Assessed Annual Value of the property adopted represents 4% of the property's capital value, which is proxied by the land value and construction cost estimates of the respective development components.

Overall, the estimated taxation revenue that may be received by Derwent Valley Council from council rates may be conservative as they only consider the land purchase price and construction costs for each component, and do not consider any value uplift from the development.

Payroll tax

Direct and indirect payroll tax estimates were made using the household income results of the RISE modelling (which was used as a proxy for potential wages paid by employers) and applying the relevant payroll tax rate (see below) depending on the value of wages/turnover generated.

Taxable Wage Bracket	Rate
\$0 - \$1.25M	Nil
>\$1.25M and up to \$2M	4%
>\$2M	6.1%

Source: State Revenue Office of Tasmania

COVID-19 IMPACT - ASSUMPTIONS FOR POPULATION FORECAST

Assumptions & Forecasts

Prior to COVID-19, overseas migration accounted for approximately two thirds of Australia's growth in resident population. Since late March 2020, net overseas migration has effectively fallen to zero with Australia closing its national borders to international migrants. There is no certainty on when Australia's borders will re-open. However, recently a 'pilot program' has been introduced to allow approximately 70 international students to return to Charles Darwin University for their next intake in November 2020. Although this has no impact on Tasmania, it shows a small level of activity in the reopening of national borders. For this assessment, it has been assumed that borders will re-open in mid-late 2021. This is in line with Australian Government assumptions to date. As the situation is consistently changing, there are many variables in play which could impact overseas migration.

The impact of overseas migration on population growth will vary from state to state, with some states having a higher reliance on certain countries.

When undertaking population forecasts, Urbis has assessed the level of which COVID-19 has impacted net overseas migration in addition to other components of growth that will impact the resident population of an area. The methodology of our population forecast is summarised below.

- Determine what the population forecast for the study area would have been if COVID-19 had not occurred. This is our 'pre-COVID-19' scenario.
- Assess the components of growth based on historical population across the study area, including:
 - net overseas migration.
 - natural increase (births and deaths).
 - net internal migration.
- Apply COVID-19 impacts (indicated to the right) for the three components of growth listed above to our 'pre-COVID' scenario, with net overseas migration taking the biggest hit due to the previously discussed outlook.
- Post 2025, assume growth returns to pre-COVID levels.

Summary of COVID-19 Impacted Population Assumptions

	OVERSEAS MIGRATION	NATURAL INCREASE	INTERNAL MIGRATION
2020	Medium Impact	Low Impact	Medium Impact
2021	High Impact	Low Impact	Medium Impact
2022	High Impact	Low Impact	Medium Impact
2023	Medium Impact	Low Impact	Low Impact
2024	Medium Impact	Low Impact	Low Impact
2025	Low Impact	Low Impact	Low Impact



Low Impact – 0-25%



Medium Impact – 25-75%



High Impact – 75-100%

