

**APPENDIX 6. RESIDENTIAL SUPPLY AND DEMAND ANALYSIS (FUTURE URBAN,
2023)**



RESIDENTIAL LAND SUPPLY AND DEMAND ANALYSIS STRATHALBYN

NEVARC DEVELOPMENTS PTY LTD

DECEMBER 2023



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1. INTRODUCTION

Nevarc Development Pty Ltd (the Designated Entity) is proposing to initiate an amendment to the Planning and Design Code (the Code Amendment) as it relates to land located at Old Bull Creek Road in Strathalbyn (the Affected Area), shown in Figure 1.1 below.

Figure 1.1 *The Affected Area*



The proposed Code Amendment seeks to rezone the land from the Deferred Urban Zone and Neighbourhood Zone to the Master Planned Township Zone.

In order to inform the Code Amendment, the Designated Entity has engaged Future Urban to prepare a Residential Land Supply and Demand Analysis to understand the supply and demand for residential land within Strathalbyn.

Accordingly, this report:

- outlines the geographic and strategic policy context for residential land supply within Strathalbyn;
- determines the likely demand for residential land within Strathalbyn; and
- evaluates the existing residential land supply within Strathalbyn.

2. GEOGRAPHIC CONTEXT

Strathalbyn is situated within the Fleurieu Region and Alexandrina Council, some 57 kilometres from Adelaide. It is the third largest township within the Region and is home to some 6,429 people.

Figure 2.1 shows the geographic context of Greater Adelaide, the Fleurieu Region and the local government areas within it. Figure 2.1 also provides an overview of the location and population of the townships within the region.

Figure 2.1 *Regional Context*



3. STRATEGIC POLICY CONTEXT

This section analyses a range of key State Government and Alexandrina Council documents that have informed the assessment of the housing demand and supply for Strathalbyn.

3.1 State Planning Policies

The State Planning Policies (SPPs) set out the State's overarching goals and requirements for the planning system.

SPP 1 'Integrated Planning' is most relevant when considering land supply. The overarching objective and most relevant policies are provided in Table 3.1.

Table 3.1 *State Planning Policy 1 Integrated Planning Objective and Relevant Policies.*

Objective	To apply the principles of integrated planning to shape cities and regions in a way that enhances our livability, economic prosperity and sustainable future.
SPP 1 Policies	<p>1.1 An adequate supply of land (well serviced by infrastructure) is available that can accommodate housing and employment growth over the relevant forecast period.</p> <p>1.4 Plan growth in areas of the state that is connected to and integrated with, existing and proposed public transport routes, infrastructure, services and employment lands.</p>

It is evident from the above that land supply for housing needs to account for growth and that growth areas should be well serviced.

3.2 The 30 Year Plan for Greater Adelaide

The *30 Year Plan for Greater Adelaide (2017 update)* is the long-term vision for regions or areas that guides urban growth for South Australia and sets the directions for the planning system to respond to. It is currently being reviewed and is intended to be replaced by 2025.

In relation to housing and employment land supply, Policy 46 anticipates that '*an adequate land supply is available to accommodate housing and employment growth over the longer term (at least a 15 year supply)*' is planned for.

To do so, the Plan has identified areas for growth until 2045. More details on the planned supply for Strathalbyn is provided in section 5 of this report.

3.3 Alexandrina 2040

The Alexandrina 2040 Plan, published in 2020, set out key strategic priorities to provide a liveable, green and connected community.

Alexandrina 2040 does not specify targets with respect to residential land supply but identifies 'appropriate growth' as one of the five action areas, stating that:

'Well managed development relies on the best available social and physical infrastructure and services. Appropriate growth supports residents, farmers, businesses, community organisations and the many visitors central to job creation and our economic destiny.'

In addition, aspiration 1.2 of the Plan, seeks to 'Attract and retain younger residents to live, work and play in Alexandrina'. To realise this aspiration, sufficient residential land supply is needed to attract new residents.

3.4 Strathalbyn Town Plan 2014 - 2024

The Strathalbyn Town Plan 2014 – 2024 details the guiding principles and actions for the township between 2014 and 2024.

The following Guiding Principles and corresponding actions are relevant to residential land supply:

Guiding Principle 6: Residential growth will be managed within the existing township boundaries, so that good quality primary production is retained.

Action 1: Recognise that there is currently in excess of a 10 year rolling supply of residentially zoned land in Strathalbyn.

Action 2: In order to maintain this level of supply, undertake investigations on the current Deferred Urban Land resulting in an approved Residential Development Plan Amendment by 2018.

Since this Plan was adopted (2014), the Council has rezoned land for residential purposes to maintain residential land supply within the township.

The township boundaries are defined by the 'Planned Urban Lands to 2045' boundary referred to in the 30 Year Plan for Greater Adelaide.

3.5 Summary

It is evident that the above strategic documents recognise the need for adequate land supply for residential purposes. The 30 Year Plan for Greater Adelaide is the only document providing guidance regarding the 'adequacy' of land supply and indicates that land supply should account for growth over the longer term (at least 15 years). Accordingly, the impact of the Code Amendment on land supply should be considered in this context.

4. DEMAND

4.1 Determining Demand for Residential Land

A number of factors can influence and indicate demand for residential land. These include:

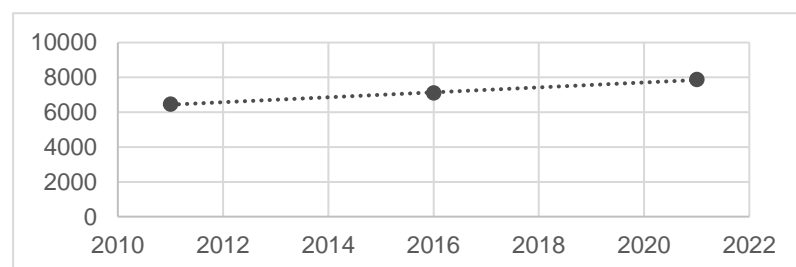
- Population growth and projections;
- Demographic trends, such as age and household occupancy;
- Dwelling approvals and vacancy; and
- The local housing market.

Each of these indicators are considered below.

4.2 Population Growth and Projections

Strathalbyn has experienced strong population growth since 2011 at a rate of 142 people per annum or 2.2% per annum.

Figure 4.1 *Strathalbyn Population between 2011 and 2021*



¹ Population and household forecasts, 2021 to 2041, prepared by .id (informed decisions), February 2023.

In relation to forecast growth, several organisations have prepared population forecasts at various points in time and for various regions.

In December 2019, the Department of Planning Transport and Infrastructure (DPTI) predicted that this trend would continue with population increasing by 139 people per annum (or 1.8% per annum), resulting in a population of 9,951 people in 2036. The Department for Trade and Investment (DTI) is currently reviewing these forecasts.

In the interim, DTI have prepared population projections for the entire Fleurieu Region and forecast that this Region's population will continue to grow at a rate of between 1.4% and 2.3% between 2021 and 2041. The historic growth and previously forecast growth, both sit within this range.

In addition to the above, .id has prepared a population forecast on behalf of the Alexandrina Council for the Strathalbyn township¹. These forecasts exclude part of the Rural Living Zone, however as no new allotments can be created for residential development in this Zone (due to the Environment and Food Production Area), this is unlikely to have a significant impact on the forecast growth rates. .id predicts that the population will grow by 2,319 people between 2021 and 2041, which suggests that the population will grow by an average of 1.8% per annum over this period².

In all three instances, the population of Strathalbyn is predicted to continue to grow and residential land supply will need to be sufficient to account for this growth. Table 4.1 summarises three potential growth scenarios; low, medium and high.

² Note that this rate is based on the Strathalbyn township population, rather than the Strathalbyn Statistical Area 2 region that the remainder of the population forecasts are for.

For the purposes of planning for land supply, it is considered reasonable and prudent to plan for the high growth scenario given:

- this is comparable to the growth experienced over the last 10 years (2.2% compared to 2.3%);
- this is consistent with the high growth approach proposed by the Greater Adelaide Regional Plan Discussion Paper;
- in respect to essential infrastructure planning it is always preferable to be ahead of demand rather than having infrastructure provision lag behind due to claimed unexpected growth.

Table 4.1 *Growth Scenarios*

Growth Scenario	Annual Growth Rate	Annual Number of People	Total Population in 2041
Low	1.4%	110	10,071
Medium	1.8%	142	10,711
High	2.3%	181	11,491

4.3 Demographic Trends

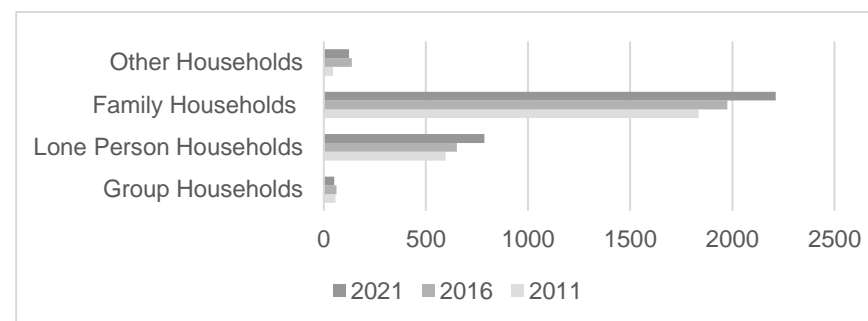
The median age of residents in Strathalbyn has increased from 42 to 47 between 2011 and 2021.

In addition to the ageing population, the number of lone person households has also been steadily increasing in Strathalbyn (see Figure 4.2).

³ Population and household forecasts, 2021 to 2041, prepared by .id (informed decisions), February 2023.

Notwithstanding, Strathalbyn is still predominately home to families, which represented 70% of households in 2021.

Figure 4.2 *Household Composition in Strathalbyn between 2011 and 2021*



In addition, the township has only seen a subtle decline in the number of people residing per household (2.5 people per household in 2011 to 2.4 people per household in 2021). This number is expected to decline slightly by 2041 to 2.3 people per household³.

Having regard to the population growth scenarios above and the number of people per household varying between 2.3 and 2.4 people, it is expected that dwelling demand is likely to be between 46 and 79 dwellings per annum, as shown in Table 4.2.

Table 4.2 *Growth Scenarios and Number of Dwellings*

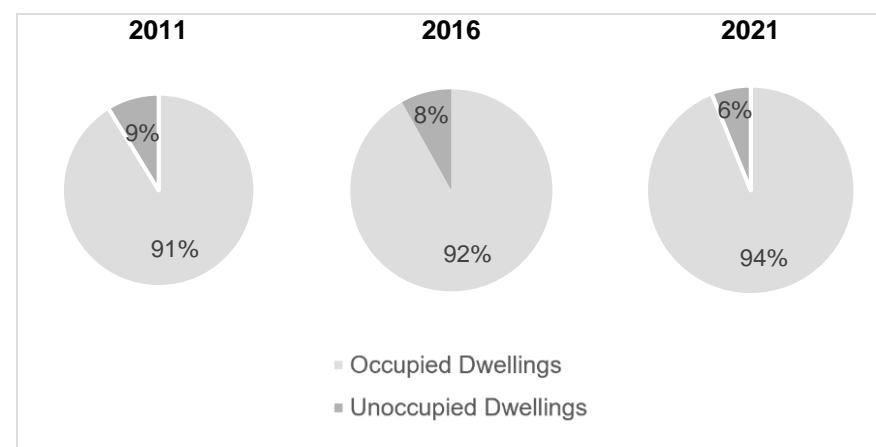
Growth Scenario	Annual Growth Rate	Annual Number of People	Number of People per Household	Number of Dwellings Required per Annum
Low	1.4%	110	2.3	48
			2.4	46
Medium	1.8%	142	2.3	62
			2.4	60
High	2.3%	181	2.3	79
			2.4	75

4.4 Dwellings

A total of 647 dwellings have been constructed in Strathalbyn between 2011 and 2021, indicating that there has been demand for residential land to accommodate approximately 65 dwellings per year. We have forecast that demand for new dwellings will sustain approximately 63 dwellings per year until 2031, declining to 42 dwellings per year between 2031 and 2041. This presumably is a function of declining land supply as compared to an actual demand for housing.

In relation to the proportion of occupied dwellings, the proportion of occupied dwellings has been subtly increasing between 2011 and 2021 from 91% to 94% (see Figure 4.3).

Figure 4.3 *Proportion of occupied and unoccupied dwellings in Strathalbyn between 2011 and 2021*



4.5 Local Housing Market

Residential land and dwelling sales data for Strathalbyn has been sourced from Core Logic from 1 January 2013 until 30 October 2023 (see Figures 4.4 and 4.5).

In relation to dwelling sales, demand for housing has significantly increased over the last 10 years from 82 sales in 2013 and reaching 197 dwelling sales in 2021. This results in an average of 128 dwelling sales per annum for the last 10 years.

Similarly, residential land transactions have nearly tripled between 2013 and 2023 from 28 vacant land sales in 2013 to 86 vacant land sales between January and October in 2023, including both residential and rural living land.

The increasing demand for dwellings and vacant residential land is being reflected in the average dwelling and land sale price within Strathalbyn, noting that the average value of dwellings has notably increased between 2020 and 2023. The average sale price of residential and rural living land has fluctuated but remained relatively stable between 2013 and 2023.

Having regard to the current market (early November 2023), there are 3 properties available for rent in Strathalbyn with rentals remaining on the market for less than 3 weeks, suggesting that there is strong demand for rentals. Rental vacancy rates are down to 3.4%⁴. There are currently 12 dwellings on the market for sale and 4 allotments.

Figure 4.4 Dwelling and Residential Land Sales for Strathalbyn between 2013 and 2023

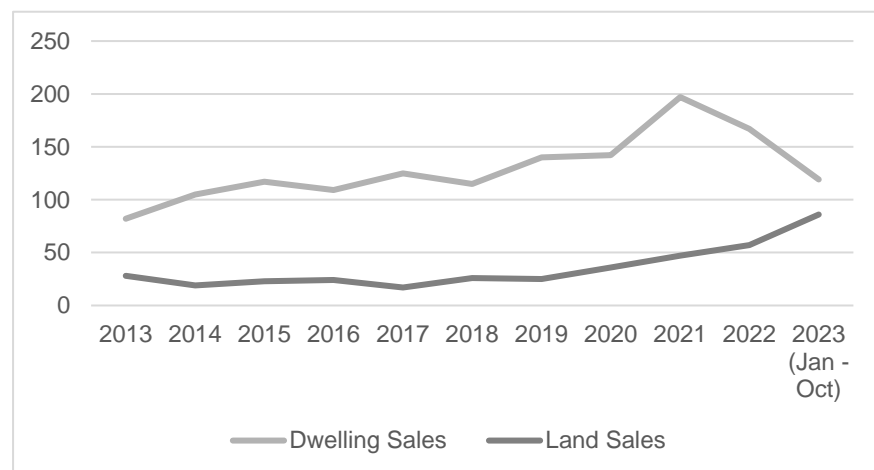


Figure 4.5 Average Dwelling and Residential Land Sale Price for Strathalbyn between 2013 and 2023



4.6 Demand for Residential Land in Strathalbyn

The population has experienced strong growth between 2011 and 2021, increasing by 1417 people in this time (an annual rate of 2.2%) and it is expected that the population will continue to grow between 1.4% and 2.3% over the next 20 years.

Accordingly, residential land supply will need to accommodate between 110 and 181 additional people per annum for the next 20 years. At an average number of 2.3 to 2.4 people per household, there will be demand for between 46 and 79 dwellings per annum to 2041.

⁴ Inquiry into South Australian Housing Affordability, Economic and Finance Committee, LGA Submission, February 2023 (data as of January 2023)

5. SUPPLY

5.1 Methodology

In order to determine the amount of existing residential land supply within each township, all land within the residential type zones shown in Figure 5.1 was reviewed to identify:

- Vacant allotments that could accommodate a dwelling;
- Proposed or approved allotments; and
- Developable land which could be subdivided to create potential allotments.

In relation to the developable land, the potential number of allotments that could be created (also referred to as the potential development yield) was calculated. The method for determining the potential development yield is described in Table 5.1.

The yield was not calculated for:

- Sites with an area less than 4000 square metres (i.e., minor infill);
- Sites which are unlikely to accommodate new residential development, including:
 - » Sites which were already occupied by a residential park, village, recreational use or heritage place; or
 - » Sites which are owned by Council, the Crown or the Government.

The sites which are unlikely to accommodate new residential development are identified on the maps contained within this report.

It is important to note that due to the nature of this review, not all constraints have been considered for all land.

Figure 5.1 Existing Land Supply



Table 5.1 *Potential Development Yield Methodology*

Step		Approach
Sites less than 3 hectares		
1	Determine the Allotment Size	<p>Two average allotment sizes were applied for each developable site. The following allotment sizes were applied:</p> <ul style="list-style-type: none"> All Zones except the Hills Neighbourhood Zone and the Rural Living Zone: <ul style="list-style-type: none"> » Minimum allotment size applicable within the Planning and Design Code - 450m²; and » The common allotment size within the area – 900m². Hills Neighbourhood Zone: <ul style="list-style-type: none"> » Minimum allotment size applicable within the Planning and Design Code (based on the gradient of the land) – this was generally 500m²; and » The common allotment size within the area – 800m². Rural Living Zone: The land within this Zone is also within the Environment and Food Production Area and therefore, no new allotments can be created for residential purposes.
2	Determine the Developable Area	<ul style="list-style-type: none"> The following reductions were applied to the total site area to determine the developable area: <ul style="list-style-type: none"> » A 20% reduction was applied to the developable area where less than 20 allotments were anticipated to allow for roads and stormwater infrastructure; and » A 32.5% reduction was applied to a developable area where more than 20 allotments were anticipated to allow for roads, stormwater infrastructure and public open space.
3	Determine the Yield	$\frac{\text{Developable Area}}{\text{Allotment Size}} = \text{Development Yield}$
Sites exceeding 3 hectares		
<p>Sites exceeding 3 hectares in size will typically require a greater provision of infrastructure and allotments will usually be designed to cater to the local market. Accordingly, the gross density of existing or approved estates within Strathalbyn was reviewed to establish the local market preferences. This review confirmed that large sites are usually developed at a gross density of between 10 to 14 dwellings per hectare. This gross density was then applied to the entire area of the development site.</p>		

5.2 Existing Supply

Strathalbyn has existing residential land supply within the following Zones:

- Neighbourhood Zone;
- Master Planned Township Zone;
- Established Neighbourhood Zone;
- Hills Neighbourhood Zone; and
- Rural Living Zone.

As mentioned in section 5.1 below, a detailed review of the land within these Zones was undertaken to confirm the number of vacant, approved, proposed and potential allotments, which could accommodate a dwelling.

In summary, there are:

- 201 vacant allotments;
- 422 approved allotments;
- 86 proposed allotments; and
- between 314 and 478 potential allotments.

The location of the vacant, approved, proposed and potential allotments are shown across Maps 1 to 3 on the following pages.

As a result, there is currently capacity to accommodate up to 623 dwellings on vacant or approved allotments. In addition, should land owners decide to develop their land, there may be capacity to accommodate a further 400 to 564 to dwellings on proposed or potential allotments. Cumulatively, this results in a total capacity of 1,023 to 1,187 allotments within Strathalbyn.

The demand analysis in section 4.6 above confirmed that there is likely to be demand for 46 to 79 dwellings per annum. In this instance, it is considered reasonable to plan for the high growth scenario given:

- this is comparable to the growth experienced over the last 10 years (2.2%);
- this is consistent with the high growth approach proposed by the Greater Adelaide Regional Plan Discussion Paper; and
- from an infrastructure perspective it is preferable to prepare for high growth to avoid the risk of lag to infrastructure delivery.

Therefore, the existing residential land supply is likely to be exhausted within 12.9 to 15.0 years.

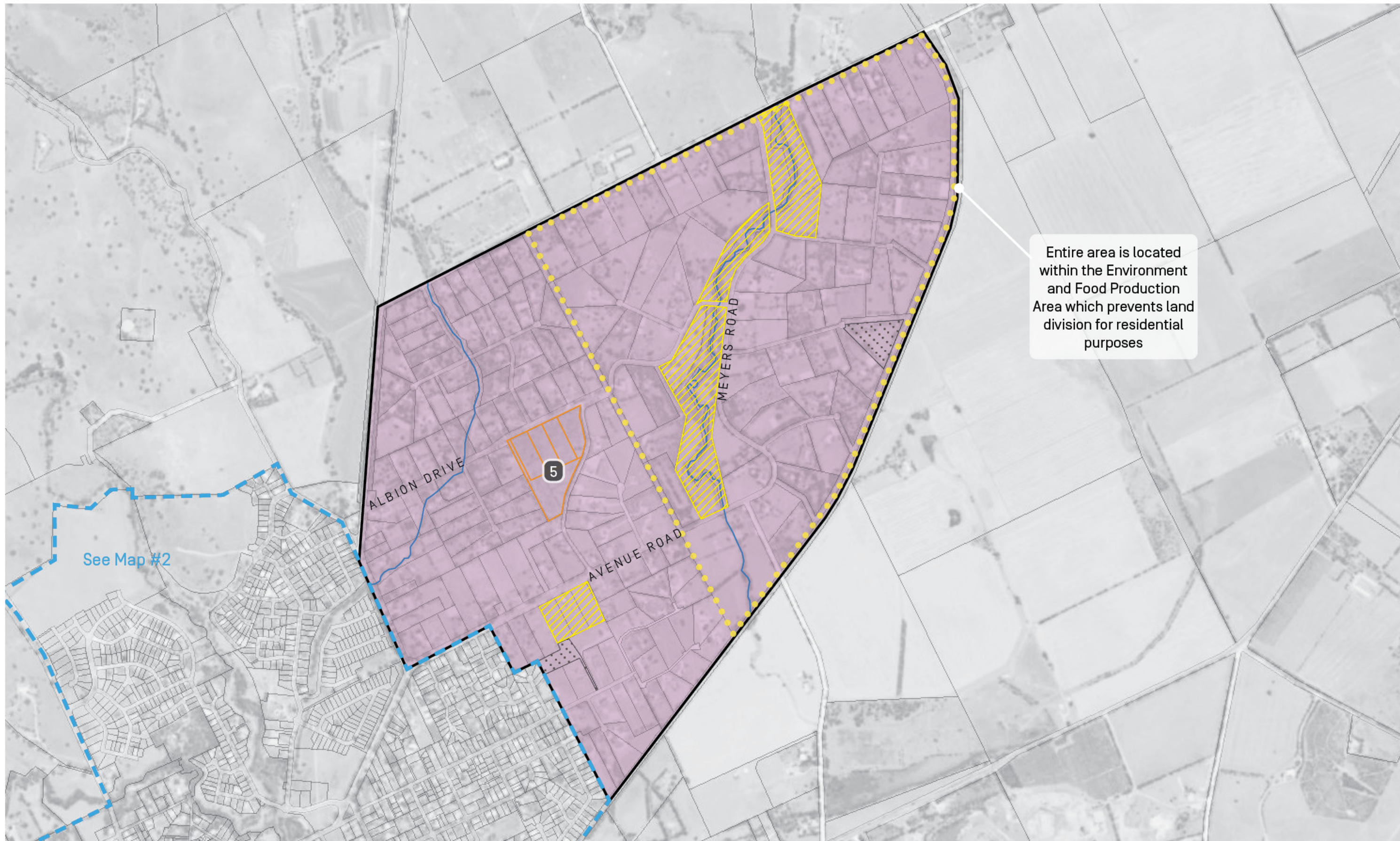
The strategic documents reviewed in section 3 of this report confirm that there should be at least 15 years residential land supply. It is evident that the existing residential land supply is currently at risk of being exhausted in less than 15 years if high population growth continues and the number of people per household continue to decline.

5.3 Planned Supply

Strathalbyn contains two areas of planned residential supply that are currently within the Deferred Urban Zone. These areas are shown on Map 2.

These areas require rezoning (i.e. a Code Amendment) before they can be developed for residential purposes. One of these areas is within the Affected Area and is proposed to be rezoned. The rezoning of this area will allow for the potential development of a further 107 to 168 allotments. This will extend the residential land supply by 1.4 to 2.1 years based on the above consumption rates.

The remaining land within the Deferred Urban Zone can provide for a further 137 to 192 allotments, subject to investigations and the removal of vegetation.





Scale: 1:13,000


Plan Production: 11/12/2023



STRATHALBYN
Map #1

LEGEND

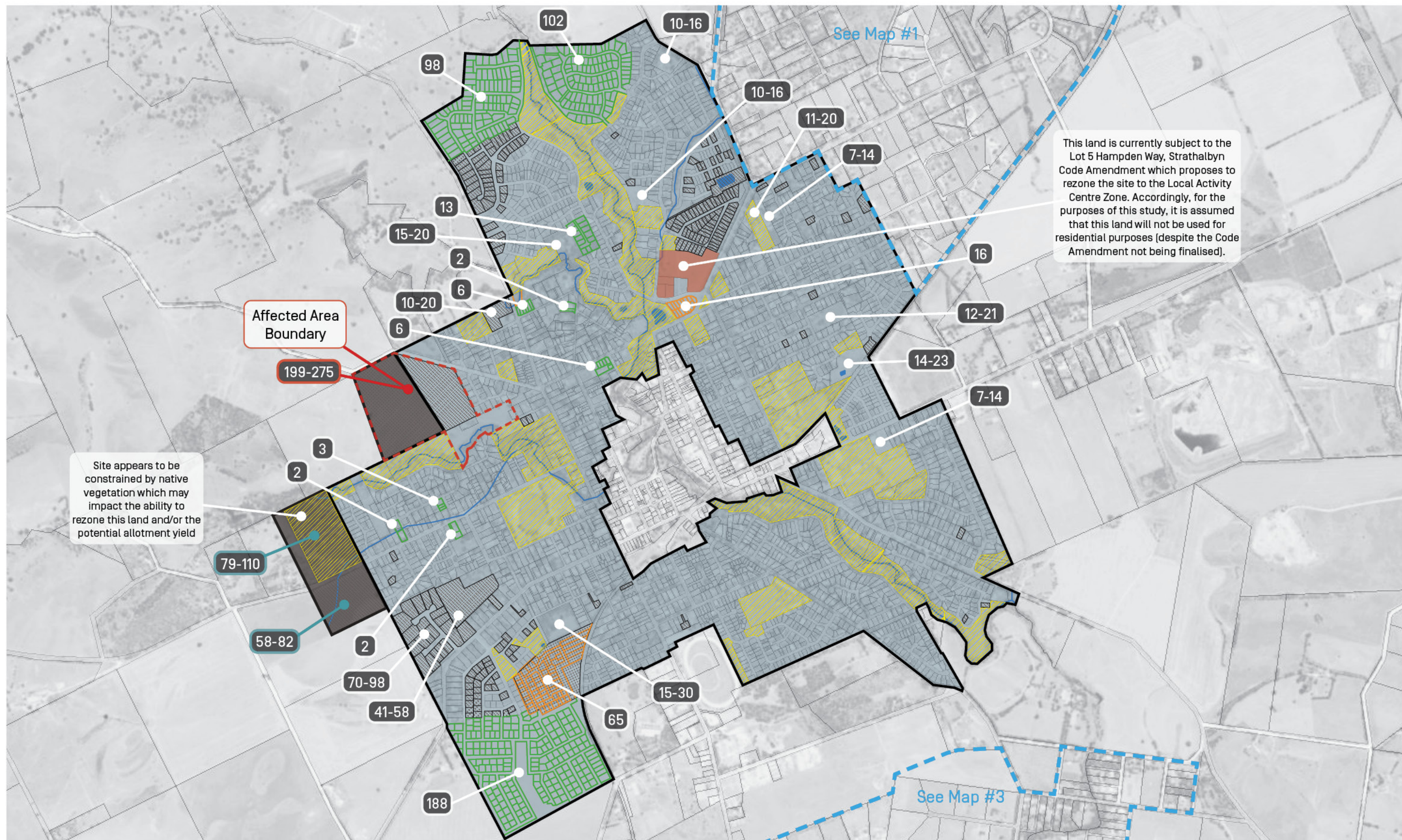
 Rural Living Zone

 Vacant Allotments (2)
 Proposed Land Divisions (5)

 Constrained Land /
unlikely to be used for
residential purposes

 Waterbodies
 Limited Land Division
Overlay













Scale: 1:16,000

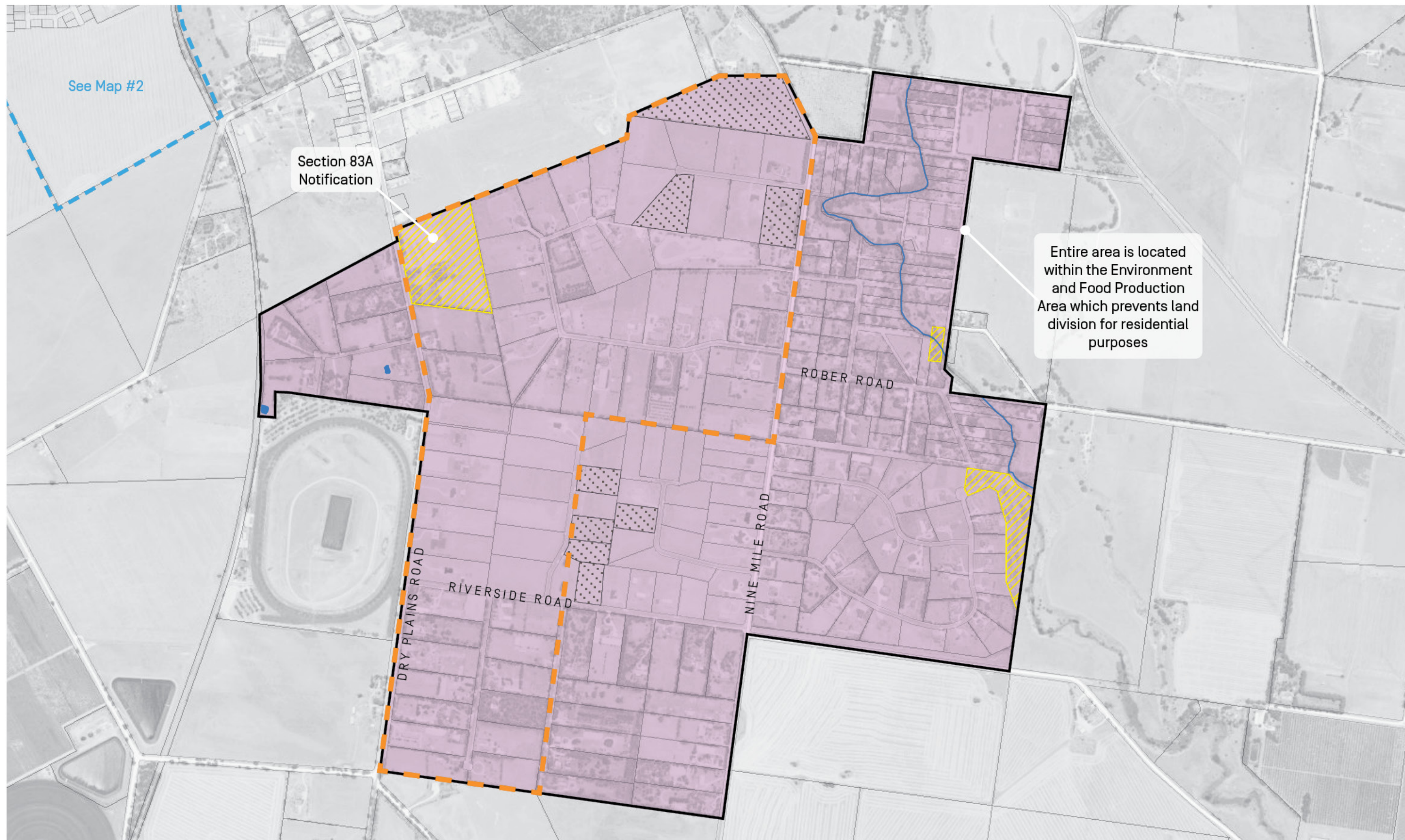
Plan Production: 11/12/2023

STRATHALBYN Map #2

LEGEND

	Vacant Allotments [191]		Proposed Land Divisions [81]		Constrained Land / unlikely to be used for residential purposes		Deferred Urban Zone		Waterbodies
	Approved Land Divisions [422]		Neighbourhood-type Zones		Potential Allotment Yield [314-478]				





Scale: 1:11,000

Plan Production: 11/12/2023

LEGEND

 Rural Living Zone

 Intensive Horse Establishments Subzone

 Waterbodies

 Vacant Allotments [8]

 Constrained Land / unlikely to be used for residential purposes



5.4 Risk of Delivery of Supply

Whilst there is capacity within both existing residential land supply to accommodate housing demand for the next 12.9 to 15 years, it is important to acknowledge that most of this supply is in the care and control of private land owners who may not develop their land. As a result, this supply may not be realised in the timeframe anticipated.

This risk is offset by ensuring that there is sufficient zoned land to ensure that there are multiple opportunities available for residential development to occur at any given time.

The *Planning Development and Infrastructure Act 2016* requires a minimum of 15 years supply of land be available outside of the Environment and Food Production Area. In addition, the State Government strategic documents referred to in section 3 of this report, suggest that having a minimum of 15 years of zoned supply is sufficient. This 15-year timeframe was previously based on the amount of time required between commencing a rezoning and making the land available to market. In more detail, it allows time for:

- The entire Code Amendment process required to rezone land;
- A development application for the division of land to be prepared, assessed and approved;
- The infrastructure to be designed and constructed; and
- The allotments to be deposited and released to the market.

In this regard, the 15 year 'benchmark' should be viewed as a minimum, and not a 'maximum'.

Therefore, rezoning in excess of 15 years residential land supply, reduces this risk of delivering supply to the market. This enables the market to respond to supply as needed, rather than constraining supply. Such has occurred in other areas of the State such as Riverlea Park where 865 hectares was rezoned for residential land in 2010 or Roseworthy where 334 hectares was rezoned in 2016.

6. KEY FINDINGS

The Strathalbyn township has experienced strong population growth between 2011 and 2021, increasing by 1417 people in this time (an annual rate of 2.2%) and it is expected that the population will continue to grow between 1.4% and 2.3% over the next 20 years.

Accordingly, residential land supply will need to accommodate between 110 and 181 additional people per annum for the next 20 years. At an average number of 2.3 to 2.4 people per household, there will be demand for between 46 and 79 dwellings per annum to 2041.

There is currently capacity to accommodate up to 623 dwellings on vacant or approved allotments within the township. In addition, should land owners decide to develop their land, there may be capacity to accommodate a further 400 to 564 to dwellings on proposed or potential allotments. Cumulatively, this results in a total capacity of 1,023 to 1,187 allotments within Strathalbyn.

Based on the forecast demand of up to 79 dwellings per annum, the existing residential land supply is likely to be exhausted within 12.9 to 15.0 years.

The strategic documents reviewed in section 3 of this report confirm that there should be at least 15 years residential land supply and it is evident that the existing residential land supply is currently at risk of being exhausted in less than 15 years.

Rezoning the Affected Area will allow for the potential development of a further 107 to 168 allotments. This will extend the residential land supply by 1.4 to 2.1 years based on the above consumption rates.