



Warra Warra Road, South Nowra

Proposed rezoning – Economic Assessment

Final report

12 June 2026

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Executive summary

This report presents an economic analysis of a proposed rezoning of the eastern portion of the subject site at Warra Warra Road, South Nowra from E3 – Productivity Support to a mix of C2 – Environmental Conservation and R1 – General Residential. Specifically, this report assesses the residential market conditions across Shoalhaven Local Government Area (LGA), the employment market conditions and future demand for and supply of E3 – Productivity Support land and potential impacts on other employment land precincts including the Nowra CBD as a result of the proposed rezoning.

The primary objective of the proposed rezoning is to unlock additional near-term residential land supply to help address the growing housing affordability issue in the Shoalhaven LGA.

Planned rezoning and potential development outcome

- The indicative masterplan associated with the proposed rezoning by the proponent is to include a conservation zone buffer area and low-density residential land potentially supporting 207 – 217 dwellings, which would forming a contiguous extension from the residential growth front north-east of the site.
- The planned zonings would consist of maintaining 6.7ha of E3 – Productivity Support on the western portion fronting the Princes Highway, C2 – Environmental Conservation zone reflecting a riparian corridor buffer zone (in the centre of the site and southern part of the site) and R1 – General Residential in the eastern portion of the site.
- We note the proposed rezoning would result in a contiguous extension of the residential growth front in South Nowra near Old Southern Road. Furthermore, the area fronting the Princes Highway is planned to be retained as E3 – Productivity Support. The biodiversity corridor provides a buffer between the E3 – Productivity Support western portion and R1 – General Residential eastern portion of the site. The eastern portion of the site would not have main road frontage, which is a very important requirement for many types of uses, particular large format retail (LFR) and a range of customer facing type uses that would typically be found in the E3 – Productivity Support zone.

Shoalhaven Affordable Housing Strategy (SAHS)

- The SAHS is based on data up to and including 2023. It is the most up to date strategic policy for Housing in the Shoalhaven LGA. On Page 18 (Section 2.4) of the SAHS, it is shown that Shoalhaven median incomes grew 25% between 2016 and 2021, whereas median house prices grew 50% and median rents grew by 35%. This was the second highest difference across four comparable LGAs in the surrounding region, with this divergence of growth even more pronounced in Kiama LGA.

- The SAHS showed a significant percentage of the existing Shoalhaven population would be eligible for affordable housing based on metrics around the proportion of income that would need to be directed to rental payments, and indeed, a solid percentage of the population is under 'housing stress'.
- The SAHS showed there to be a considerable demonstrated need for more affordable housing, including 'affordable housing' in the form of community housing, government housing, etc) as well as more affordable options in the private market.

Local Planning Directions

Local Planning Direction: 1.1 Business and Industrial Zones applies to the Planning Proposal for the site. The objectives of this direction are:

- (a) encourage employment growth in suitable locations,
- (b) protect employment land in employment zones, and
- (c) support the viability of identified centres.

The Planning Proposal addresses these terms as follows:

- **encourages employment growth in suitable locations** – the planning proposal seeks to change part of the subject site from E3 – Productivity Support to R1 – General Residential and to formalise a riparian corridor with a C2 – Environmental Conservation zone. The R1 zone will still support employment uses (as typically more than 20% of employed persons typically work from home or are home based e.g. a tradesperson), noting that the R1 part of the site is in the eastern portion of the site, a significant distance from the Princes Highway with no visibility, making it effectively undevelopable for the foreseeable future given that it would be very difficult to attract tenants to this part of the site
- **protects employment land in employment zones** – while the planning proposal technically reduces the amount of zoned E3 – Productivity Support land, the area that is proposed to be rezoned to an alternative zone is effectively undevelopable for the foreseeable future as outlined above. It should be noted also that there is a very significant amount of available/ undeveloped E3/E4 zoned land across the Shoalhaven LGA and broader region, as outlined in Chapter 4 of this report. The R1 – General Residential zoned area does actually support employment uses, given the proportion of employed persons who work from home or are home based in a post Covid environment is now greater than 20%. Furthermore,
- **Support the viability of centres** – the amount of zoned employment floorspace is likely to reduce with the planning proposal, meaning less direct competition with surrounding employment zoned precincts and with the Nowra CBD. The R1- General Residential zone could support 207 – 217 new dwellings and could attract more workers to the Nowra area who in turn might help with jobs growth in existing centres and employment precincts, while all of these new residents would likely spend a proportion of their annual retail expenditure within the Nowra CBD and surrounding LFR offer along the Princes Highway.

- In summary, while technically the planning proposal seeks to reduce the amount of E3 – Productivity Support land at the subject site, a portion of the site is being retained for E3 uses, and the area proposed to be rezoned is commercially impractical, and unlikely to be developable within the foreseeable future. This area has therefore been considered for uses that do not require exposure to the Princes Highway, including R1 – General Residential, which will support jobs (home based; no fixed workplace; etc) and new resident workers in the locality.

Population growth targets – ambitious

- Population growth across Shoalhaven LGA is expected to be around 1% p.a. over next 20 - 25 years (according to Council's projections undertaken by .id), growing from 115,400 in 2025 to 140,00 by 2046. Around 7,000 of this future growth is expected in the South Nowra/West Nowra and Nowra Hill area. Nowra Core is expected to only support a further 500 - 550 persons and Worrigea is expected to accommodate around 1,600 – 1,700 persons over this timeframe. The population growth within the two central SA2s of Nowra and North Nowra-Bomaderry has averaged around 1 – 1.1% p.a. over the past 5 – 8 years, yet the NSW DPE has the future growth in these SA2s closer to 2%. Nowra suburb has been accommodating much of the growth, with limited growth in the North Nowra-Bomaderry SA2.
- Indeed, the NSW DPE population projections have outlined an ambitious growth 'target' for Shoalhaven LGA, with the LGA population in 2041 projected to reach 152,171 persons (well above the 2046 estimate of 140,000 persons according to Council's projections, or around 134,000 persons by 2041).
- Thus, to get near the NSW DPE target, Shoalhaven Council will need to unlock more residential opportunities, including short term opportunities, like the subject site and its associated proposed rezoning. The portion of the subject site proposed to be rezoned will include around 207 – 217 lots.

Residential market overview – affordability issue

- The SAHS Affordable Housing Strategy showed that median house prices and rents significantly outpaced median incomes from 2016 to 2022 across Shoalhaven. While much of the growth in the median house and median unit prices occurred in the 2020 – 2022 period (fuelled by Covid and low interest rates), median prices settled at a new normal range around 50% higher than they were pre-Covid, and since 2022 they have steadily increased further to now around 60% above pre-Covid levels. Median house prices in Shoalhaven LGA are now around \$900,000 (around 9% above the Regional NSW average) and entry level median house prices are around \$725,000 (around 22% above the regional NSW average).
- Only a fraction of total residential stock in Shoalhaven and more specifically in central Nowra is high density (3 storeys+) or medium density. Around 10% of total stock is medium or high density. Much of the new stock being developed in the residential growth front north of the site is detached housing, and similarly at Cambewarra in north Nowra, with stock at the smaller end of the spectrum around 500 – 600 sq.m.

- There is a clear need for more supply in Nowra to help temper strong residential market growth as well as product at the lower end of the price spectrum – which is planned as part of the rezoning through smaller lot under 450 sq.m, with some under 400 sq.m. The proposed rezoning would introduce some additional capacity for larger lot detached housing, forming a natural extension from the existing growth front as well as smaller lots to help provide diversity of product, including more affordable product.

Employment analysis – jobs growth weighted towards industries not using E3 & E4 land

- Shoalhaven is below average in terms of the share of its population in the labour force (less than 50%), compared with the NSW regional average of 56%, this is in part due to a skew towards an older population and some pockets of lower socio-economic advantage. However, this share has increased over time as employment growth in Shoalhaven has outpaced population growth over the past census period, as the new residents/migrants to the LGA tend to be those of working age and creating/occupying local jobs.
- Three of the top four fastest growing industries of employment have been Health Care & Social Assistance, Education & Training and Public Administration & Safety which have constituted around 50% of all jobs growth between 2016 and 2021. The employees in these industries typically occupy land that is not E3 zoned – including schools, hospitals, medical centres, commercial office buildings. Construction has contributed almost 20% of jobs growth and Accommodation and Food Services constituted a further 15% of all growth, and many of the jobs would be on land not zoned E3 – Productivity Support.
- Growth in Retail, Wholesale Trade, Manufacturing, Transport has been more modest. The significant majority of historical jobs growth (80%) across the Shoalhaven LGA over 2016 – 2021, has been in industries that typically operate in other zones that are not E3 and E4 such as Health, Education, Public Administration & Safety. In the period 2011 – 2016 there was no growth in industries typically locating in E3 and E4 zones. Manufacturing jobs contracted by about 23% over that period, Wholesale Trade contracted by 25% while Transport, Postal and Warehousing grew marginally.
- On the other hand, non-E3 and E4 land use industries grew strongly between 2011 and 2016 and between 2016 and 2021, averaging around 3.1% p.a. over both time periods.
- Furthermore, around 11.6% of employed local residents work outside the Shoalhaven LGA, and around 11.9% of jobs within the Shoalhaven LGA are undertaken by residents living outside the LGA. This tends to show that there is not an undersupply of job opportunities within the LGA (i.e. the job outflow is around the same as the inflow of workers to the LGA), and indeed this ratio is likely to continue to skew towards a higher proportion of local workers living outside of the LGA if more, and affordable, housing is not provided in a timely manner.

Employment land supply – sufficient capacity

- The NSW Employment Lands Monitor 2025 indicates an average annual take up rate of ‘Employment Lands’ across the Illawarra-Shoalhaven region of around 8.8ha p.a. over the 7 years from 2018 – 2024, skewed by a significant and unusual year in 2024, of which less than half occurred within the Shoalhaven

LGA (average 4.2ha p.a.) This includes land zoned E3, E4, E5, SP1, SP2 (with very small amounts in W4, SP4).

- According to the NSW Employment Lands Development Monitor 2025 there was around 4,462ha of employment land across the Illawarra-Shoalhaven region of which around 1,728ha were zoned E3 or E4. Around 1,362ha (31%) was undeveloped, with around 562ha serviced by water and sewerage. This equates to around 64 years' worth of supply of already serviced land, and 15 years' worth of supply, if all undeveloped land is included. Around 609ha (45%) of zoned but undeveloped employment land in the Illawarra-Shoalhaven Region is zoned E3 or E4.
- According to the NSW Employment Lands Monitor 2025 there was **798.5ha of E3 and E4 zoned land** in the Shoalhaven LGA, of which **350ha is undeveloped**. Based on an average annual take-up rate of 4.2ha, this equates to around equivalent to **80 – 85 years' worth of available supply**.
- The majority of this supply is located in the nearby precinct west of the Princes Highway, in South Nowra. We estimate that South Nowra alone has around 70% of the under-developed/vacant E3 and E4 zoned land in Shoalhaven.
- While the western portion of the site is practically difficult to develop for E3 type uses given the lack of exposure to the Princes Highway and distance from the highway, the 16.2ha being considered for the R1 – General Residential zone would equate to less than 4 years' worth of LGA-wide E3 and E4 employment land demand. In the context of more than 350ha of undeveloped zoned E3 and E4 land being available across the LGA, this is a negligible amount of land, equivalent to less than 4 - 5% of this available stock.

Nowra Major Centre: potential impacts

- The Nowra CBD provides a comprehensive and attractive offer that includes retail, business services, medical and allied health uses, gym/fitness facilities, community facilities, entertainment/recreation uses.
- Our field inspections for the location indicated a vibrant and busy town centre even with the relatively recent openings of new supermarkets north of the river in Bomaderry (Woolworths and Aldi both opened within the past 5 years).
- The Nowra CBD contains a solid provision of national brand retailers across fashion, general retail, household goods as well as more than 75 F&B tenants (across casual cafes, take-away, fast food, juice bars and restaurants). The Nowra CBD contains 3 full-line supermarkets (2 x Woolworths, Coles) as well as Aldi. The Nowra Shopping Centre contains around 16,000 sq.m of GLA and overall, the CBD contains around 50,000 sq.m of retail GLA (30,000 – 35,000 sq.m in the retail core of the CBD).
- The additional population of 520 - 540 persons that could be supported under the proposed rezoning would have a positive impact on nearby businesses in the nearby E3 and E4 zones as well as a positive impact on the Nowra CBD retail and commercial uses, in terms of potentially additional employees and retail/services expenditure. This population would generate in the order of \$8 – 9 million in annual retail

expenditure, of which a significant proportion (more than 50%) would be directed to retail facilities within the Nowra CBD, which contains full-line supermarkets, cafes, restaurants, services and the only sub-regional shopping centre in Nowra, including Kmart.

E3 & E4 precincts South Nowra: potential impacts

- The proposed rezoning is expected to result in positive impacts on the nearby retail and light industrial offer within the South Nowra E3 – Productivity Support zone and nearby E4 – General Industrial zone, with between 520 – 540 potential residents expected to spend money on a range of retail uses and small businesses needs nearby. While much of their spend would be directed to Nowra CBD, online and even large centres in Shellharbour, a share of their annual expenditure would be directed to retailers and other businesses nearby (although from an access perspective they would need to travel north, then west, then south to access this area).
- The landholder proposes to maintain the western part of its landholdings as E3 – Productivity Support, which could potentially, in time, provide uses consistent with the above, including retail and hospitality type uses. However, the eastern part which it proposes to rezone to R1 – General Residential, and which will accommodate uses that are not typically found in the E3 zone.

Positive employment impacts

- The proposed rezoning of the eastern area to R1 – General Residential would support new jobs in the form of residents working at home or in home-based jobs. New residents might also be moving for employment in Nowra or to create new jobs/businesses in zoned land across Nowra or the broader Shoalhaven LGA.
- The proposed rezoning would potentially result in equivalent practical employment outcomes versus the current E3 – Productivity Support zoning. As currently zoned, the 32.2 ha site would not be completely developable, with areas that would need to be considered for conservation, plus internal roads etc. Furthermore, the eastern portion of the site is significantly inferior to the western portion of the site from a commercial/tenant perspective, as there would be no visibility to the Princes Highway, which is a key site criterion for many types of uses in the E3 zone, particularly large format type retail uses. There is no development on either side of the Princes Highway in the South Nowra E3/E4 area, at present, that goes beyond 300m from the Princes Highway. The far eastern areas of the site are around 600m from the Princes Highway and much of this area would be considered ineffective E3 land (i.e. not commercially developable in a practical sense).
- We estimate that overall, across the 32.2ha, the existing zoning could support up to 227 jobs over the foreseeable future, compared with the proposed rezoning which could support 214 jobs within the site and potentially a further 25 – 30 jobs in the form of newly created businesses across Nowra/Shoalhaven LGA.

Conclusion

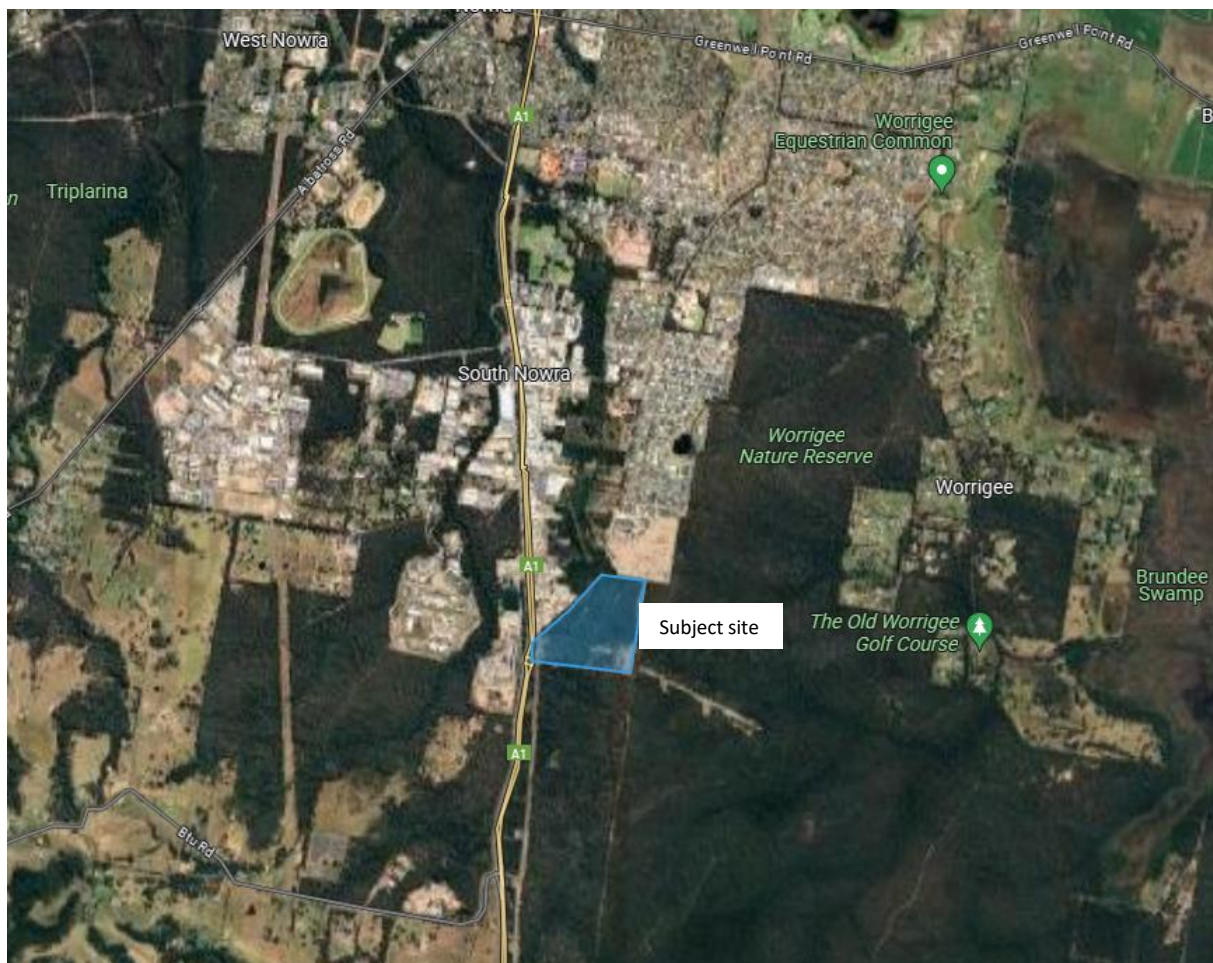
- Overall, we consider there to be a far greater need for more residential housing stock in the short term (in a location near an existing residential growth front) to help support the ambitious growth targets of NSW DPPI and to help address growing housing affordability issues in Shoalhaven LGA than there is a need for the quantum of E3 - Productivity Support land to be maintained in the eastern part of the subject site, when there is an abundance of such land in Shoalhaven LGA. Furthermore, the eastern area of the subject site proposed to be rezoned to R1 – General Residential does not have frontage to the Princess Highway and extends a significant distance from the highway, to a distance much further than the existing established E3/E4 zoned uses fronting the Princes Highway in South Nowra.
- There is a clear divergence in Shoalhaven LGA of income growth and house/unit price growth over the past 5 – 10 years and there is a lack of smaller lot housing in some of the new growth fronts around South Nowra. Many of the established dwellings are built on lots of 500 – 600 sq.m. Some recent lot sales have been smaller than 500 sq.m, but most of the stock in this area is closer to 600 sq.m. The proposed rezoning could potentially provide more affordable dwelling options for workers in the fast growing and lower paid sectors of the economy such as Health Care & Social Assistance, Education & Training and Accommodation & Food Services, given the proposal to allocate a proportion of the development for lots under 450 sq.m
- There is a very significant future supply of E3/E4 zoned land across the Shoalhaven LGA to meet future demand of ~4.2ha per annum. Around 6.7ha of the site is planned to remain as E3 – Productivity Support, which is the most commercially attractive part of the site, with the eastern proportion considered to be untenable over the foreseeable future due to the depth of the site from the Princes Highway and consequent lack of exposure. Around 16.2ha of the site is planned to be rezoned to R1 – General Residential. This area of residential zoned land could potentially support 50 – 55 new jobs compared with a job potential under the current zoning of effectively zero, as well as potentially a further 25 – 30 jobs in the form of newly created businesses across Nowra/Shoalhaven LGA.
- We estimate that overall, across the 32.2ha, the existing zoning could support up to 227 jobs over the foreseeable future, compared with the proposed rezoning which could support 214 jobs (within the site and across the LGA).

Section 1: Site location and proposed development

1.1 Site context and planning proposal

The subject site is located at Warra Warra Road, South Nowra between the Princes Highway and Worrigee Nature Reserve. The site is adjacent to an existing enterprise/industrial precinct fronting the Princes Highway and abuts the emerging residential growth front to the north. Refer Map 1.1 below.

Map 1.1 Site context



Source: Google, Jervis Bay Town Planning

The site is currently zoned E3 Productivity Support and is planned to be rezoned to comprise a mix of E3 – Productivity Support (6.7ha), C2 – Environmental Conservation (9.3ha) and R1 – General Residential (16.2ha).

The C2 – Environmental Conservation area represents a riparian corridor that would likely be required under the current zoning, while the R1 – General Residential portion (16.2ha) is the only part of the site that is truly being converted from a current employment zone to a non-employment zone. The western portion of the site (6.7ha) is planned to retain its E3 – Productivity Support zoning. Refer Figure 1.1.

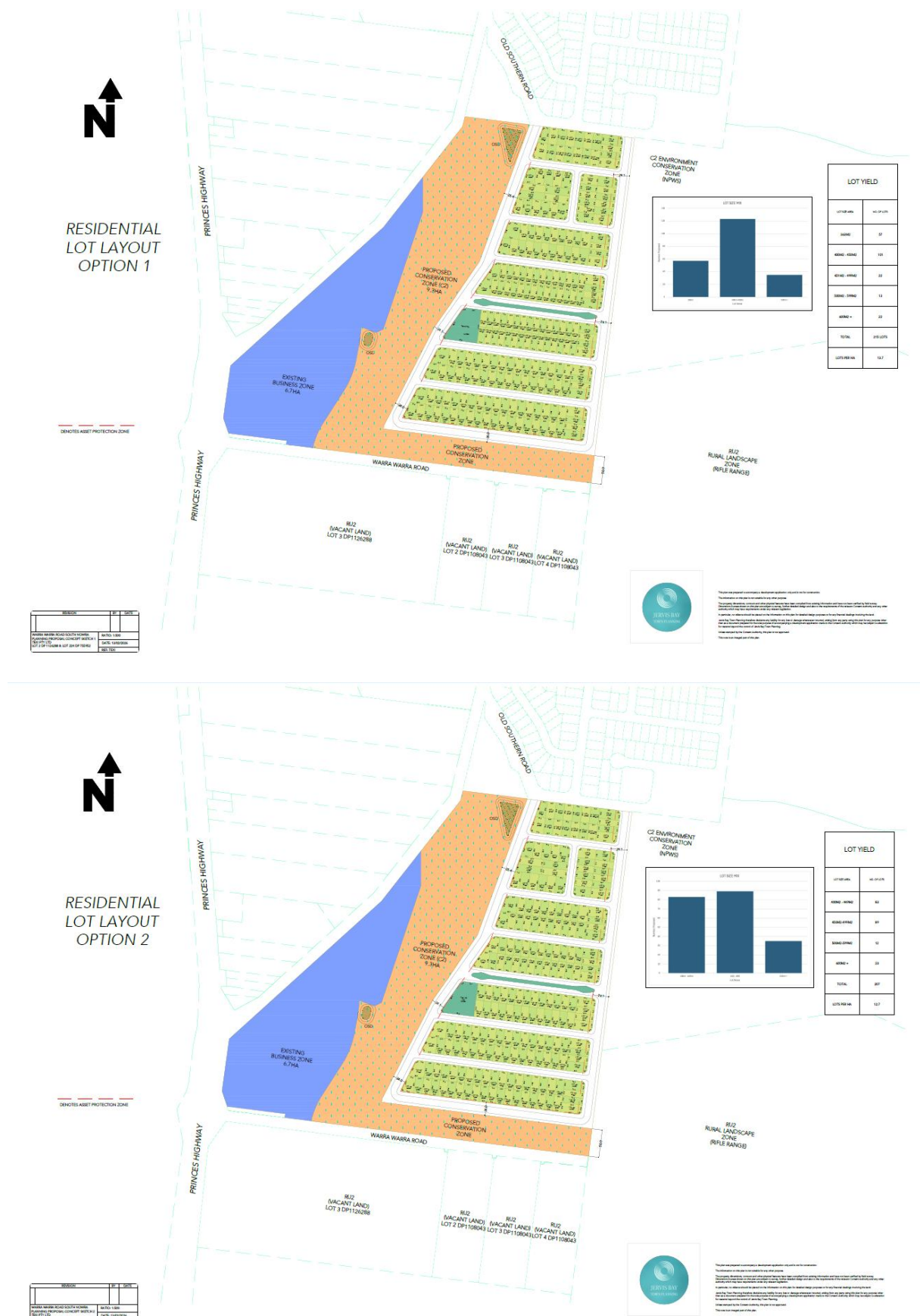
Figure 1.1 Planning Proposal – proposed zones



Source: Jervis Bay Town Planning

The indicative masterplan put forward by the proponent is to include some retail and F&B at the western boundary of the site fronting the Princes Highway in the existing E3 zone, with a mixture of low density residential in the R1 zone – providing a contiguous extension from the growth front north-east of the sit and mixed-use shop top housing and ground level non-residential uses in the MU1 zone. Refer Figure 1.2.

Figure 1.2 Planning Proposal – indicative development mix (Option 1 and 2)



Because the proposed rezoning would alter the quantum of employment zoned land, we have considered Local Planning Direction 1.1 – Business and Industrial Zones in our assessment. We have weighed up the pros and cons of additional R1 – General Residential zoned land into the South Nowra locality versus the pros and cons of reducing the supply of E3 – Productivity Support zoned land.

We note the proposed rezoning would result in a contiguous extension of the residential growth front in South Nowra near Old Southern Road. Furthermore, the area fronting the Princes Highway is planned to be retained as E3 – Productivity Support. The biodiversity corridor provides a buffer between the E3 – Productivity Support western portion and R1 – General Residential eastern portion of the site. The eastern portion of the site would not have main road frontage, which is a very important requirement for many types of uses, particular large format retail (LFR) and a range of customer facing type uses that would typically be found in the E3 – Productivity Support zone.

Section 2: Strategic document review

This section of the report reviews two of the key strategic documents of relevance for Shoalhaven, namely:

- Shoalhaven Affordable Housing Strategy (2024)
- NSW Department of Planning and Environment (DPE) – Local Planning Directions 1.1 – Business and Industrial Zones

2.1 Shoalhaven Affordable Housing Strategy (SAHS) - 2024

The SAHS is based on data up to and including 2023. It is the most up to date strategic policy for Housing in the Shoalhaven LGA. On Page 18 (Section 2.4) of the SAHS, it is shown that Shoalhaven median incomes grew 25% between 2016 and 2021, whereas median house prices grew 50% and median rents grew by 35%. This was the second highest difference across four comparable LGAs in the surrounding region, with this divergence of growth even more pronounced in Kiama LGA.

The SAHS showed a significant percentage of the existing Shoalhaven population would be eligible for affordable housing based on metrics around the proportion of income that would need to be directed to rental payments, and indeed, a solid percentage of the population is under ‘housing stress’.

The SAHS showed there to be a considerable demonstrated need for more affordable housing, including ‘affordable housing’ in the form of community housing, government housing, etc) as well as more affordable options in the private market.

2.2 Local Planning Directions

Direction 1.1: Business and Industrial Zones

Local Planning Direction: 1.1 Business and Industrial Zones applies to the Planning Proposal for the site. The objectives of this direction are:

- (a) encourage employment growth in suitable locations,
- (b) protect employment land in employment zones, and
- (c) support the viability of identified centres.

The terms of this direction state:

(1) A planning proposal must:

- a) give effect to the objectives of this direction,
- b) retain the areas and capacity of existing business and industrial zones,
- c) not reduce the total potential floorspace area for employment uses and related public services in business zones,
- d) not reduce the total potential floorspace area for industrial uses in industrial zones.

The Planning Proposal addresses these terms as follows

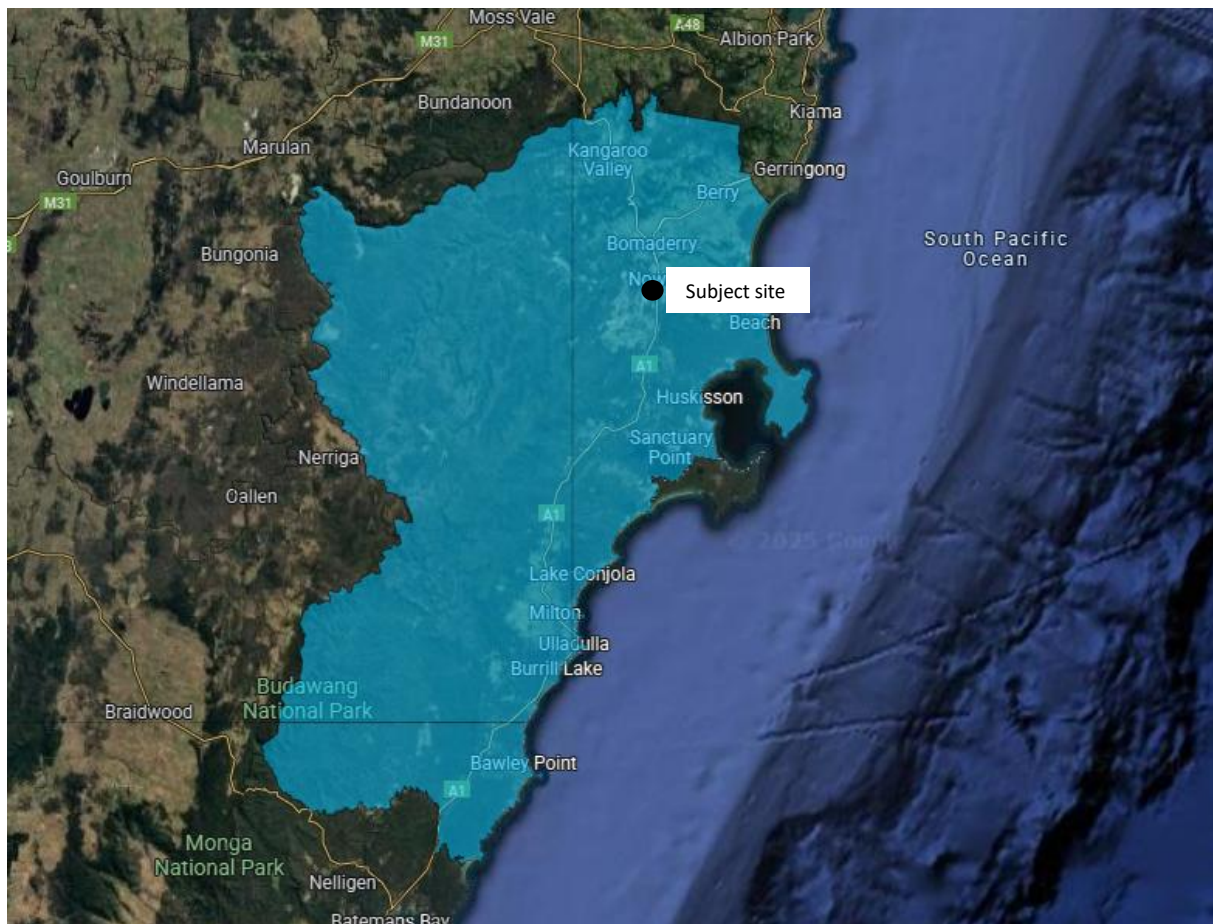
- **encourages employment growth in suitable locations** – the planning proposal seeks to change part of the subject site from E3 – Productivity Support to R1 – General Residential and to formalise a riparian corridor with a C2 – Environmental Conservation zone. The R1 zone will still support employment uses (as typically more than 20% of employed persons typically work from home or are home based e.g. a tradesperson), noting that the R1 part of the site is in the eastern portion of the site, a significant distance from the Princes Highway with no visibility, making it effectively undevelopable for the foreseeable future given that it would be very difficult to attract tenants to this part of the site
- **protects employment land in employment zones** – while the planning proposal technically reduces the amount of zoned E3 – Productivity Support land, the area that is proposed to be rezoned to an alternative zone is effectively undevelopable for the foreseeable future as outlined above. It should be noted also that there is a very significant amount of available/ undeveloped E3/E4 zoned land across the Shoalhaven LGA and broader region, as outlined in Chapter 4 of this report.
- The R1 – General Residential zoned area does actually support employment uses, given the proportion of employed persons who work from home or are home based in a post Covid environment is now greater than 20%. Furthermore,
- **Support the viability of centres** – the amount of zoned employment floorspace is likely to reduce with the planning proposal, meaning less direct competition with surrounding employment zoned precincts and with the Nowra CBD. The R1- General Residential zone could support 207 – 217 new dwellings and could attract more workers to the Nowra area who in turn might help with jobs growth in existing centres and employment precincts, while all of these new residents would likely spend a proportion of their annual retail expenditure within the Nowra CBD and surrounding LFR offer along the Princes Highway.

In summary, while technically the planning proposal seeks to reduce the amount of E3 – Productivity Support land at the subject site, a portion of the site is being retained for E3 uses, and the area proposed to be rezoned is commercially impractical, and unlikely to be developable within the foreseeable future. This area has therefore been considered for uses that do not require exposure to the Princes Highway, including R1 – General Residential, which will support jobs (home based; no fixed workplace; etc) and new resident workers in the locality.

Section 3: Population and residential market overview

This section of the report examines the surrounding residential market and population outlook for the Shoalhaven over the next 20 – 25 years. We have defined the study area as the Shoalhaven LGA. Refer Map 3.1 below.

Map 3.1 Shoalhaven LGA



Source: ABS, Google

3.1 Population growth and targets

Population growth across Shoalhaven LGA is expected to be around 1% p.a. over next 20 - 25 years (according to Council's projections undertaken by .id), growing from 115,400 in 2025 to 140,00 by 2046. Around 7,000 of this future growth is expected in the South Nowra/West Nowra and Nowra Hill area. Nowra Core is expected to only support a further 500 - 550 persons and Worrigeer is expected to accommodate around 1,600 – 1,700 persons over this timeframe. The population growth within the two central SA2s of Nowra and North Nowra-Bomaderry has averaged around 1 – 1.1% p.a. over the past 5 – 8 years, yet the NSW DPE has the future growth in these SA2s closer to 2%. Nowra suburb has been accommodating much of the growth, with limited growth in the North Nowra-Bomaderry SA2.

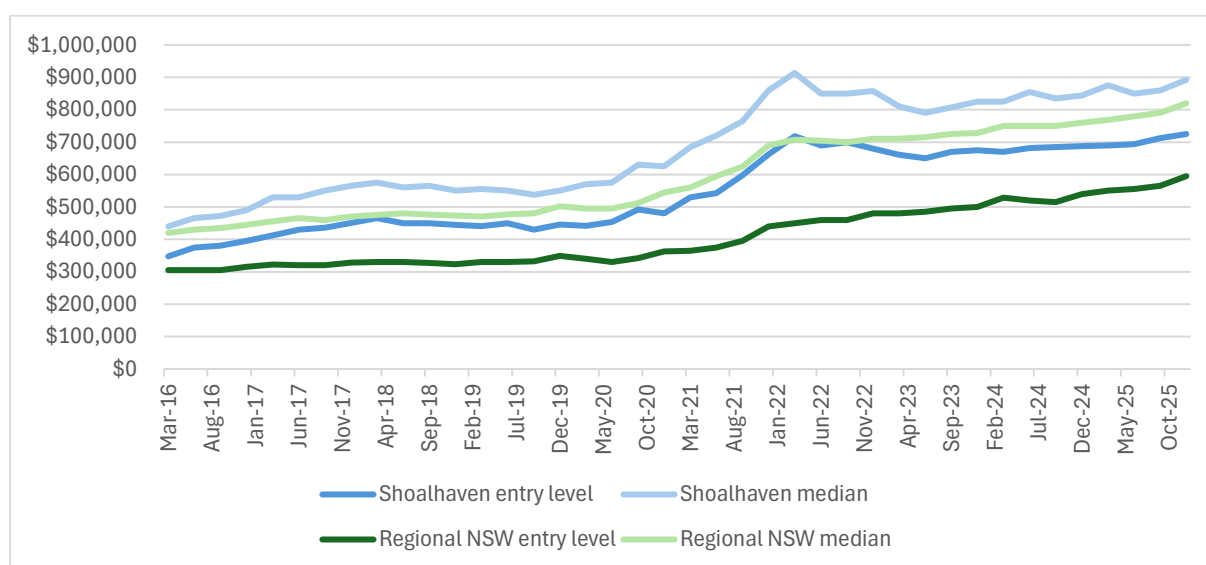
Indeed, the NSW DPE population projections have outlined an ambitious growth ‘target’ for Shoalhaven LGA, with the LGA population in 2041 projected to reach 152,171 persons (well above the 2046 estimate of 140,000 persons according to Council’s projections, or around 134,000 persons by 2041).

Thus, to get near the NSW DPE target, Shoalhaven Council will need to unlock more residential opportunities, including short term opportunities, like the subject site and its associated proposed rezoning. The portion of the subject site proposed to be rezoned will include around 207 – 217 lots.

3.2 Residential market overview

The SAHS Affordable Housing Strategy showed that median house prices and rents significantly outpaced median incomes from 2016 to 2022 across Shoalhaven. While much of the growth in the median house and median unit prices occurred in the 2020 – 2022 period (fuelled by Covid and low interest rates), median prices settled at a new normal range around 50% higher than they were pre-Covid, and since 2022 they have steadily increased further to now around 60% above pre-Covid levels. Median house prices in Shoalhaven LGA are now around \$900,000 (around 9% above the Regional NSW average) and entry level median house prices are around \$725,000 (around 22% above the regional NSW average. Refer Chart 3.1.

Chart 3.1 Shoalhaven LGA – Median House Prices and Entry Level Prices (2016 - 2025)



Source: Shoalhaven Council / .id / Proptrack

Only a fraction of total residential stock in Shoalhaven and more specifically in central Nowra is high density (3 storeys+) or medium density. Around 10% of total stock is medium or high density. Much of the new stock being developed in the residential growth front north of the site is detached housing and similarly at Cambewarra in north Nowra, with stock at the smaller end of the spectrum around 500 – 600 sq.m.

Of the high density stock, most new or good quality stock near the coast is much more expensive than the median house prices in Nowra / Shoalhaven and wouldn’t really be considered affordable. New modern flats (2 beds, 1 bath ~130 sq.m) in South Nowra are advertised for sale at around \$600,000 - \$700,000.

Some recent sales in South Nowra of 3 bedroom flats (in Hillcrest Avenue north of the residential growth front) were around \$600,000 - \$700,000, with some older stock currently advertised above \$700,000. Older, small stock in Nowra (2 bedrooms) is advertised for \$400,000 - \$550,000.

New detached housing in South Nowra includes many 4 bedroom properties, advertised for \$900,000 - \$1.21 million. New 3 bedroom stock is advertised for \$800,000 - \$1 million. This is a similar case for the Cambewarra growth front north of the river, which is generally comprised larger lots/larger houses (although not exclusively). (Source: real estate websites, 2026). Much of the new stock in the South Nowra growth front is this type of product, with lot sizes around 500 – 600 sq.m or larger.

There is a clear need for more supply in Nowra to help temper strong residential market growth as well as product at the lower end of the price spectrum – which would be part of the proposed lots which includes a proportion of lots under 450 sq.m and some under 400 sq.m. The proposed rezoning would introduce some additional capacity for larger lot detached housing, forming a natural extension from the existing growth front as well as smaller lots to help provide diversity of product, including more affordable product.

Section 4: Employment overview

This section of the report examines the size and mix of the local Shoalhaven economy as well as the existing and available supply of employment zoned land across the LGA.

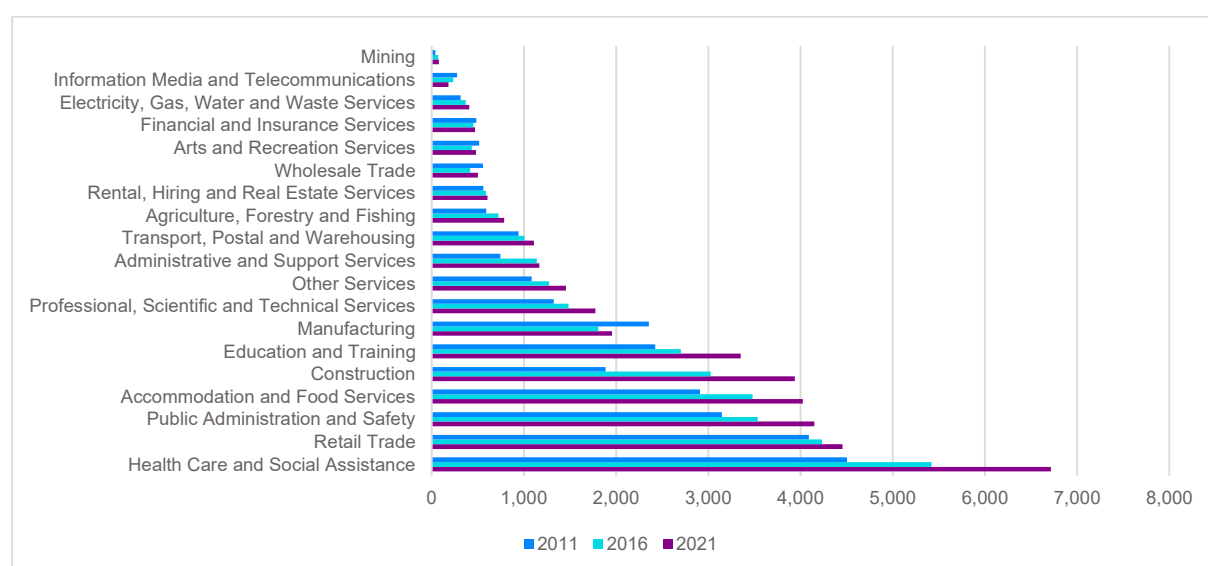
4.1 Shoalhaven employment overview

Shoalhaven LGA is below average in terms of the share of its population in the labour force (less than 50%), compared with the NSW regional average of 56%, this is in part due to a skew towards an older population and some areas of lower socio-economic advantage/unemployment. However, this share has increased over time as employment growth in Shoalhaven has outpaced population growth over the past 10 years or so, as new residents /migrants to the Shoalhaven LGA tend to be those of working age and creating/occupying local jobs. Jobs growth was around 3% p.a. over the 2016 – 2021 period and around 2.7% p.a. between 2011 – 2021.

Chart 4.1 presents an analysis of employment growth in Shoalhaven over the period 2011 - 2021. Between 2016 and 2021 (the second half of the decade), three of the top four fastest growing industries of employment were Health Care & Social Assistance, Education & Training and Public Administration & Safety which have constituted around 50% of all jobs growth between 2016 and 2021. The employees in these industries typically occupy land that is not E3 zoned, including schools, hospitals, medical centres, commercial office buildings.

Construction has contributed almost 20% of jobs growth, with many of these jobs undertaken at the location of construction or a head office, rather than a workplace an in E3 zones. Furthermore, growth in Accommodation and Food Services constituted a further 15% of all growth between 2016 and 2021, and many of the jobs would be on land not zoned E3 (hotels, pubs, cafes, restaurants – some of which can locate in E3 though). Growth in Retail, Wholesale Trade, Manufacturing, Transport has been more modest. We estimate that around 20% of historical employment growth has been in E3 and E4 zoned land type businesses between 2016 and 2021. It was much less than this between 2011 and 2016.

Chart 4.1 Local jobs growth 2011 - 2021, Shoalhaven LGA



Source: ABS Census, 2011 – 2021

Chart 4.2 distils the jobs growth analysis into an easy to interpret summary of job growth by broad land use zoning. We have allocated proportions of each industry to a land use zone (E1, E2, E3, E4 and other zones). E1, E2 (centre zones) and other zones (e.g. special purpose, agriculture, residential etc) are combined into “Other” in the chart, while the E3 and E4 zones combined together as the businesses that use these zones can use them somewhat interchangeably (i.e. wholesaler could be in E3 or E4, light industrial use might be E3 or E4).

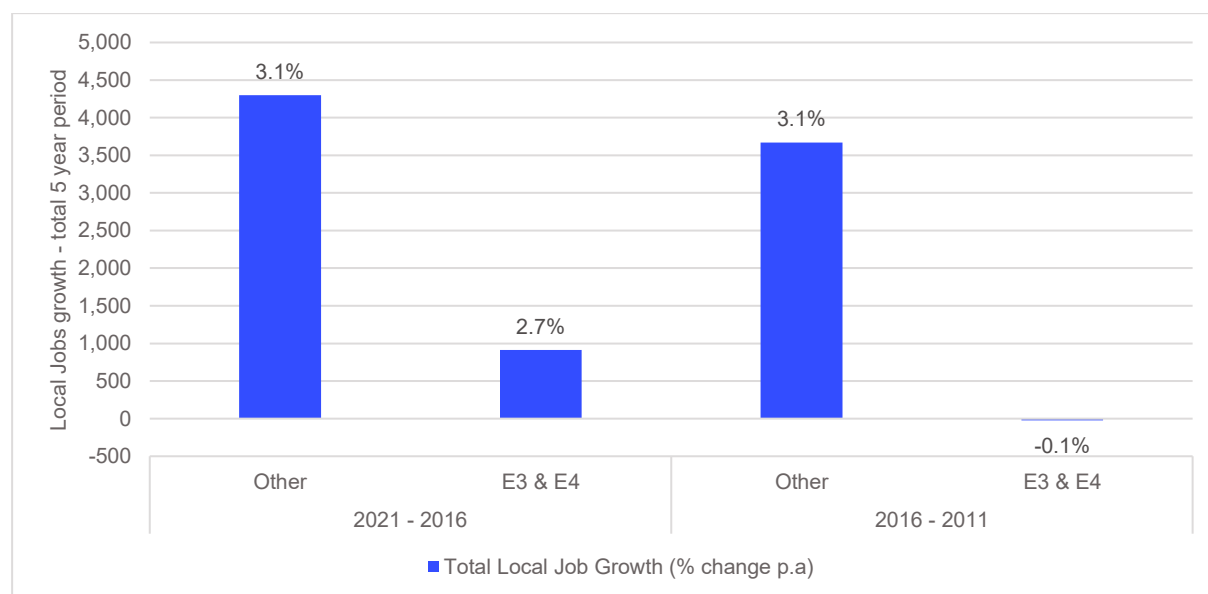
Our allocation methodology allocates 100% of all Manufacturing jobs, 100% of Transport, Postal and Warehousing and 100% of wholesale jobs to E3/E4 zones, with partial allocations in Electricity, Gas, Water and Waste Services; Construction; Rental, Hiring and Real Estate; and minor (5-10%) allocations across most other Industries.

The analysis shows that the significant majority of historical jobs growth (80%) across the Shoalhaven LGA over 2016 – 2021, has been in industries that typically operate in other zones that are not E3 and E4 such as Health, Education, Public Administration & Safety.

In the period 2011 – 2016 there was no growth in industries typically locating in E3 and E4 zones. Manufacturing jobs contracted by about 23% over that period, Wholesale Trade contracted by 25% while Transport, Postal and Warehousing grew marginally.

On the other hand, over both 5 year periods, non-E3 and E4 land use industries grew strongly, averaging around 3.1% p.a. over both time periods.

Chart 4.2 Local jobs growth 2011 - 2021, Shoalhaven LGA – by broad land zoning



Source: ABS Census, 2011 – 2021, GapMaps

Over the future 20 years or so, we expect these trends to broadly continue, i.e. population related industry growth will be the main driver of total jobs growth over the future.

Furthermore, around 11.6% of employed local residents work outside the Shoalhaven LGA, and around 11.9% of jobs within the Shoalhaven LGA are undertaken by residents living outside the LGA. This tends to show that there is not an undersupply of job opportunities within the LGA (i.e. the job outflow is around the same as the inflow).

of workers to the LGA), and indeed this ratio is likely to continue to skew towards a higher proportion of local workers living outside of the LGA if more, and affordable, housing is not provided in a timely manner.

4.2 Employment land take-up versus supply

Illawarra-Shoalhaven region

The NSW Employment Lands Monitor 2025 indicates an average annual take up rate of ‘Employment Lands’ across the Illawarra-Shoalhaven region of around 8.8ha p.a. over the 7 years from 2018 – 2024, skewed by a significant and unusual year in 2024, of which less than half occurred within the Shoalhaven LGA (average 4.2ha p.a.) This includes land zoned E3, E4, E5, SP1, SP2 (with very small amounts in W4, SP4).

According to the NSW Employment Lands Development Monitor 2025 there was around 4,462ha of employment land across the Illawarra-Shoalhaven region of which around 1,728ha were zoned E3 or E4. Around 1,362ha (31%) was undeveloped, with around 562ha serviced by water and sewerage. This equates to around 64 years’ worth of supply of already serviced land, and 15 years’ worth of supply, if all undeveloped land is included.

Around 609ha (45%) of zoned but undeveloped employment land in the Illawarra-Shoalhaven Region is zoned E3 or E4.

Shoalhaven LGA

We have undertaken an analysis of the Shoalhaven LGA more specifically, to understand the supply of E3 and E4 land in the LGA and associated demand. Refer Table 4.1. According to the NSW Employment Lands Monitor 2025 there was 798.5ha of E3 and E4 zoned land in the LGA, of which 350ha is undeveloped. Based on an average annual take-up rate of 4.2ha, this equates to around equivalent to 80 – 85 years’ worth of available supply.

The majority of this supply is located in the nearby precinct west of the Princes Highway, in South Nowra. We estimate that South Nowra alone has around 70% of the under-developed/vacant E3 and E4 zoned land in Shoalhaven.

Table 4.1 Supply of E3 - E4 land: Shoalhaven LGA and Illawarra-Shellharbour Region

Zoning	Shoalhaven LGA		Wollongong LGA		Shell/Kiama LGAs		Illawarra-Shellharbour Region	
	Total (Ha)	Vacant (Ha)	Total (Ha)	Vacant (Ha)	Total (Ha)	Vacant (Ha)	Total (Ha)	Vacant (Ha)
E3	192	82	162	50	24	12	378	144
E4	607	269	635	192	109	5	1,350	465
Total E3 & E4	799	350	797	242	133	17	1,728	609

Source: Shoalhaven LEP, GapMaps, Google

Note: Vacant includes vacant and under-developed land. Areas are approximations and may not be 100% accurate.

Furthermore, there isn’t a large amount of available E1 and E2 land in Shoalhaven. The proposed rezoning seeks to rezone only part of existing E3 – Productivity site to an alternative zone. Part of the site would be preserved for conservation, and around 16.2ha is planned to be rezoned to R1 – General Residential. This area is intended to support new resident growth, forming a contiguous extension to an existing residential area. Some of these new residents will have home-based jobs and technically, this area would be supporting employment (albeit at

lower intensity than a specific employment zone). We note this part of the site is significantly inferior to the western portion of the site from a commercial/tenant perspective, as there would be no visibility to the Princes Highway, which is a key site criterion for many types of uses in the E3 zone, particularly large format type retail uses. As such, the effective developable area would be much less than 16.2ha and would be practically undevelopable in the foreseeable future.

Even if all 16.2ha were considered, this would equate to less than 4 years' worth of LGA-wide E3 and E4 employment land demand. In the context of more than 350ha of undeveloped zoned E3 and E4 land being available across the LGA, this is a negligible amount of land, equivalent to less than 4 - 5% of this available stock.

Section 5: Economic Impacts

This section of the report examines the potential economic impacts of the proposed rezoning. Specifically, we have examined the potential impacts on the Nowra CBD, other employment zoned precincts across the LGA and the potential employment impacts that might result from the proposed rezoning.

5.1 Nowra CBD

The Nowra CBD provides a comprehensive and attractive offer that includes retail, business services, medical and allied health uses, gym/fitness facilities, community facilities, entertainment/recreation uses. Our field inspections indicated a vibrant and busy town centre even with the relatively recent openings of new supermarkets north of the river in Bomaderry (Woolworths and Aldi both opened within the past 5 years).

The Nowra CBD contains a solid provision of national brand retailers across fashion, general retail, household goods as well as more than 75 F&B tenants (across casual cafes, take-away, fast food, juice bars and restaurants). The Nowra CBD contains three full-line supermarkets, including two Woolworths and Coles as well as Aldi. The Nowra Shopping Centre contains around 16,000 sq.m of GLA and overall, the CBD contains around 50,000 sq.m of retail GLA (30,000 – 35,000 sq.m in the retail core of the CBD).

The proposed rezoning will maintain the western portion of the site under its current E3 – Productivity Support zoning and plans to rezone the eastern part of the site to R1 – General Residential (an area of 16.2ha).

The additional population of 520 - 540 persons that could be supported under the proposed rezoning would have a positive impact on nearby businesses in the nearby E3 and E4 zones as well as a positive impact on the Nowra CBD retail and commercial uses, in terms of potentially additional employees and retail/services expenditure. This population would generate in the order of \$8 – 9 million in annual retail expenditure, of which a significant proportion (more than 50%) would be directed to retail facilities within the Nowra CBD, which contains full-line supermarkets, cafes, restaurants, services and the only sub-regional shopping centre in Nowra, including Kmart.

5.2 E3 and E4 precincts South Nowra: potential impacts

The proposed rezoning is expected to result in positive impacts on the nearby retail and light industrial offer within the South Nowra E3 – Productivity Support zone and nearby E4 – General Industrial zone, with between 520 – 540 potential residents expected to spend money on a range of retail uses and small businesses needs nearby. While much of their spend would be directed to Nowra CBD, online and even large centres in Shellharbour, a share of their annual expenditure would be directed to retailers and other businesses nearby (although from an access perspective they would need to travel north, then west, then south to access this area).

The existing retail offer within the E3 – Productivity Support zone consists of large format retail (LFR) uses like Kennards Hire, flooring stores, lighting stores, car showrooms, Rebel, TK Maxx, JB Hi-Fi, Anaconda, RSEA Safety, Bunnings, Home Timber & Hardware, Petstock, Spotlight, SuperCheap Auto, Joyce Mayne, etc as well as fast food/highway retail like Subway, Hungry Jacks, Oporto, McDonalds, KFC.

The landholder proposes to maintain the western part of its landholdings as E3 – Productivity Support, which could potentially, in time, provide uses consistent with the above, including retail and hospitality type uses. However, the eastern part which it proposes to rezone to R1 – General Residential, and which will accommodate uses that are not typically found in the E3 zone.

5.3 Estimated employment impacts

The proposed rezoning would potentially result in equivalent practical employment outcomes versus the current E3 – Productivity Support zoning. As currently zoned, the 32.2 ha site would not be completely developable, with areas that would need to be considered for conservation, plus internal roads etc. Furthermore, the eastern portion would also be significantly inferior to the western portion of the site from a commercial/tenant perspective, as there would be no visibility to the Princes Highway, which is a key site criterion for many types of uses in the E3 zone, particularly large format type retail uses. There is no development on either side of the Princes Highway in the South Nowra E3/E4 area, at present, that goes beyond 300m from the Princes Highway. The far eastern areas of the site are around 600m from the Princes Highway and much of this area would be considered to be ineffective E3 land (i.e. not commercially sustainable). In this context, we assume only an eastern area of the site is truly developable, an area we have defined at around 10ha, in order to measure a ‘base case’ scenario against which to compare the employment impacts of the rezoning.

The proposed rezoning of the eastern area to R1 – General Residential would support new jobs in the form of residents working at home or in home-based jobs. New residents might also be moving for employment in Nowra or to create new jobs/businesses in zoned land across Nowra or the broader Shoalhaven LGA.

Table 5.1 presents an indicative analysis of the potential employment differential under the current E3 zone compared against the proposed rezoning.

Table 5.1 Estimated employment outcome – proposed rezoning vs. current zoning

Zoning	Total (Ha)	Developable	Dev Area (Ha)	Jobs / ha.	Est. Jobs	Notes
Existing Zoning of Site						
E3 zone - Western	6.7	50%	3.4	40	134	
E3 zone - Conservation area	9.3	25%	2.3	40	93	Some area would be allocated for conservation
E3 zone - Eastern*	16.2	50%	8.1	0	0	Virtually undevelopable in medium term
Total - Current zoning	32.2	43%	13.8	40	227	
Proposed rezoning						
E3 zone - Western	6.7	50%	3.4	40	134	
C2 - Conservation Zone	9.3	0%	0.0	0	0	Formally zoned Conservation
R1 - General Residential	16.2	Est. dwellings = 207-215; share working = 50%; share working from home = 20% = 53 jobs			53	
Potential new workers to LGA living in R1 - Gen. Residential	as above	Potential new workers/businesses within the LGA. Assume 10% of working population = 27 jobs			27	
Total - Current zoning	32.2	10%	3.4	40	214	

Source: GapMaps (Note: Assesses all 32.2ha across the site under a base line, versus the proposed rezoning.

Section 6: Conclusions and recommendations

Overall, we consider there to be a far greater need for more residential housing stock in the short term (in a location near an existing residential growth front) to help support the ambitious growth targets of NSW DPHI and to help address growing housing affordability issues in Shoalhaven LGA than there is a need for the quantum of E3 - Productivity Support land to be maintained in the eastern part of the subject site, when there is an abundance of such land in Shoalhaven LGA. Furthermore, the eastern area of the subject site proposed to be rezoned to R1 – General Residential does not have frontage to the Princess Highway and extends a significant distance from the highway, to a distance much further than the existing established E3/E4 zoned uses fronting the Princes Highway in South Nowra.

There is a clear divergence in Shoalhaven LGA of income growth and house/unit price growth over the past 5 – 10 years and there is a lack of smaller lot housing in some of the new growth fronts around South Nowra. Many of the established dwellings are built on lots of 500 – 600 sq.m. Some recent lot sales have been smaller than 500 sq.m, but most of the stock in this area is closer to 600 sq.m. The proposed rezoning could potentially provide more affordable dwelling options for workers in the fast growing and lower paid sectors of the economy such as Health Care & Social Assistance, Education & Training and Accommodation & Food Services, given the proposal to allocate a proportion of the development for lots under 450 sq.m

There is a very significant future supply of E3/E4 zoned land across the Shoalhaven LGA to meet future demand of ~4.2ha per annum. Around 6.7ha of the site is planned to remain as E3 – Productivity Support, which is the most commercially attractive part of the site, with the eastern proportion considered to be untenable over the foreseeable future due to the depth of the site from the Princes Highway. Around 16.2ha of the site is planned to be rezoned to R1 – General Residential. This area of residential zoned land could potentially support 50 – 55 new jobs compared with a job potential under the current zoning of effectively zero, as well as potentially a further 25 – 30 jobs in the form of newly created businesses across Nowra/Shoalhaven LGA.

We estimate that overall, across the 32.2ha, the existing zoning could support up to 227 jobs over the foreseeable future, compared with the proposed rezoning which could support 214 jobs within the site and across the LGA.