

30 April 2024

David Workman
EG Funds Management

Sent via email: dworkman@eg.com.au

Dear David

Re: 361-365 North Rocks Road - Diverse and Affordable Housing Assessment

This Diverse and Affordable Housing Assessment (**the Study**) has been prepared by Atlas Economics (**Atlas**) on behalf of the proponent being EG Funds Management Pty Ltd (**EG**) to support a Planning Proposal PP-2021-3409 (**the Proposal**) for rezoning of 361-365 North Rocks Road, North Rocks (**the Site**).

The Study identifies the Affordable Housing contributions that could be made at the Site and examines if the Proposal would contribute to facilitating a diverse range of housing choice in North Rocks.

The Study builds upon previous work by Atlas, specifically: Affordable Housing Viability Assessment (January 2024) and Housing Diversity Study (2020).

BACKGROUND

The site was previously occupied by Next Sense (formerly the Royal Institute for Deaf and Blind Children), however has now been secured by EG given the site is now surplus to Next Sense's operational needs and their relocation to a new campus in Macquarie Park.

The Planning Proposal seeks to create North Rocks Village, a Housing Diversity Precinct as expressed in Council's Local Strategic Planning Statement (LSPS). It will deliver a genuine mix of housing opportunities within a garden village setting that is respectful of existing neighbourhood character, in addition to new open space including an oval and village square. It also includes a community 'hub' comprising a potential library and multi-purpose community facility.

The Planning Proposal was initially submitted to the City of Parramatta Council in June 2021, however, has since been subject to a rezoning review process (ref RR2022/31). On 21 March 2024, a Record of Decision to Submit Planning Proposal to Gateway Determination was issued by the Sydney Central Planning Panel. This decision recommends the proposal proceeds to Gateway Determination, subject to conditions, which included some recommended design modifications.

The Planning Proposal has now been amended to adopt the panel recommendations. Key design amendments can be summarised as follows:

- Minor adjustments to building heights, including a range of 2-6 storeys across the Site.
- Minor amendments to building layouts.
- A masterplan which may facilitate an approximate FSR 1.1:1.

The Planning Proposal will facilitate:

- Approximately 795 new residential dwellings (including apartments, townhouses, and detached dwellings).
- Approximately 130 independent living units and aged care (seniors housing).
- Approximately 4,400sqm new community facilities.
- Approximately 2,800sqm retail/commercial floor space.
- Associated landscaping, road network, public open space improvements, and increased tree canopy cover.

The proposed Masterplan is depicted in **Figure 1**.

Figure 1: North Rocks Masterplan



Source: Hassell

We have reviewed the documentation made available to us following the Rezoning Review Process. This Diverse and Affordable Housing Assessment has been updated to reflect the amended project scope for submission as part of an amended Planning Proposal package.

Notable changes to our assessment are summarised below:

- Viability (feasibility) testing of the Site's capacity to contribute to Affordable Housing at 2%.
- Housing diversity of the Masterplan and the mix of dwellings and residential accommodation proposed.

The Masterplan

A summary of the indicative masterplan yields is outlined in **Table 1**.

Table 1: Masterplan Yields

Description	Masterplan	
Total GFA (sqm)	139,436	
Equivalent FSR	1.1:1	
Residential Uses	GFA (sqm)	
Detached (single) dwellings	10	1,958
Attached dwellings	40	12,603
Underbuilding townhouses	185	32,482
Apartments (ILUs included)	690 (130)	73,620
1-bedroom units	138	
2-bedroom units	414	
3-bedroom units	103	
4-bedroom units	34	
Aged Care Facility (avg. 80sqm)	100	10,326
Non-residential Uses	GFA (sqm)	
Commercial	2,800	
Community facilities (including library, resident amenity and multi-purpose space)	4,400	

Source: Hassell

THE MASTERPLAN AND DEVELOPMENT FEASIBILITY

After the initial 'shock' of the COVID-19 outbreak, the cumulative impact of record low interest rates, improved household savings, low listing volumes, post-lockdown lifestyle changes, government incentives and strong consumer sentiment drove growth in the residential market to a decade-high in 2021.

Median house price growth recorded significant gains between 2021 and 2023. In contrast, median unit price growth was flat from 2016 and has remained soft to 2023.

The disparity in median price movements of houses and units is relevant for the Site as it means that in 2023, the density that is required for feasible apartment development is higher than pre-2021.

At its simplest, for a development to be feasible, the revenue from completed product must be sufficient to cover the cost of development plus a return. The shift in market attitudes (as evidenced by pricing levels of units) presents challenges for the feasibility of apartment development, particular the ability to offset the cost of development.

The cost of construction generally increases annually by 2.5% to 3.5%. Global supply chain disruptions resulted in a spike in the cost of construction from 2021, with prices yet to settle.

The effect of soft unit price growth and elevated construction costs are key influences on viability of the Masterplan.

AFFORDABLE HOUSING

A viability assessment carried out in January 2024 identified 2% Affordable Housing contribution would be viable.

Table 2: Affordable Housing Contribution (GFA and Indicative Dwellings)

		2% Affordable Housing
Base floorspace (sqm)	(a)	63,380
Residential floorspace proposed (sqm)	(b)	131,264
New Residential floorspace (sqm)	(c) = (b - a)	67,884
2% Affordable Housing (equivalent apartments)	(d) = (2% x c)	1,358sqm (16)

Source: Atlas

Completed apartments (in terms of % GFA) could be dedicated (gifted) to a community housing provider or Council by the end (last stage) of the development period. This would represent a contribution of completed dwellings in-perpetuity.

Once dedicated to Council, it would be Council's prerogative on how the gifted apartments are managed - whether a community housing provider is engaged to manage the dwellings on Council's behalf or, if the dwellings are divested, etc.

CHARACTERISTICS OF HOUSING SUPPLY

Atlas' 2020 Housing Diversity Study found there were over 900 smaller households (i.e. couples without children, lone person households) residing within North Rocks, accounting for almost 40% of all households. However, there were just over 150 dwellings comprising 2-bedrooms or smaller in the area, equivalent to just 6.5% of total dwelling stock.

This suggests a clear mismatch in housing supply and housing need. A similar conclusion was identified in the Parramatta Local Housing Strategy (City of Parramatta, 2020).

The Parramatta LGA's housing market is uniquely diverse and when viewed on the whole, amongst the most diverse in Greater Sydney. When viewed closer however, Parramatta's housing diversity is for the most part limited to the southern and eastern areas of the LGA (e.g. Parramatta, Westmead, Sydney Olympic Park, etc). The northern suburbs of North Rocks, Carlingford and Winston Hills are conversely characterised by homogenous, lower-density housing.

Whilst not every location should be 'everything to everyone', nor can every area accommodate higher density housing, ensuring local areas provide a minimum level of housing diversity is important from both a social and economic standpoint. The affordability of existing housing supply in North Rocks, coupled with the lack of more diverse, affordable stock, makes it difficult for some 72% of households within the Parramatta LGA to purchase housing in the area.

Diversity of Housing and Choice

The Proposal would play a significant role in facilitating a broader range of housing choice in North Rocks. As a Housing Diversity Precinct, the Proposal proposes a true variety of housing choices, both 'missing middle' medium-density typologies and low-rise apartments.

The Proposal envisages the delivery of some 925 dwellings, including 690 apartments and 225 medium-density typologies. Additionally, the Proposal is set to include 130 independent living units and approximately 100 aged care rooms. Assuming the 2016 Census dwelling count as a starting point, this new supply would result in the proportion of medium and higher-density housing in North Rocks rising from 21.9% to 34.0%.

The inclusion of 130 independent living units and 100 aged care rooms within the Proposal seeks to address the growing number of elderly residents in North Rocks and surrounds who may wish to remain in the area and 'age in place'.

Affordable Housing

In most markets (particularly those in Western Sydney), smaller housing typologies such as townhouses and apartments are typically priced below the average cost of an existing detached home. The Proposal's variety of housing typologies could play a role in providing such lower cost, private market housing.

The Proposal intends on providing some 2% of affordable rental housing. This is equivalent to 16 affordable housing dwellings. The location of North Rocks Village is proximate a wide variety of lower income employment opportunities (144,000 low to moderate income workers within a 20-minute commute), presenting housing options for key workers and their families. Furthermore, delivery of affordable rental housing on North Rocks Village would represent a major increase in supply in Parramatta's north.

Yours sincerely

Esther Cheong

Director

T: 02 72537601

E: esther.cheong@atlaseconomics.com.au

Reference List

City of Parramatta Council (2023). *Parramatta Development Control Plan 2023*. Accessible here: [Parramatta DCP 2023 – 06 – As published 23 November 2023– Part 6 Traffic and Transport.pdf \(nsw.gov.au\)](#)

City of Parramatta Council (2021). *City of Parramatta (Outside CBD) Development Contributions Plan 2021 Amendment No. 1. Effective 25 October 2023*. Accessible here: [OUTSIDE CBD Contributions Rates sheet - September 2023.XLSX.XLSX \(nsw.gov.au\)](#)

City of Parramatta Council (2019). *Affordable Rental Housing Policy 2019*. Accessible here: [Affordable Rental Housing Policy.pdf \(nsw.gov.au\)](#)

City of Parramatta Council (2018). *Planning Agreements Policy (Amendment 1)*. Accessible here: <https://www.cityofparramatta.nsw.gov.au/sites/council/files/2020-03/Voluntary%20Planning%20Agreements%20policy.pdf>

Greater Sydney Commission (2017). *Affordable Rental Housing Targets Information Note 4. Revised October 2017*. Accessible here: https://greatercities.au/sites/default/files/2023-07/information_note_4_affordable_rental_housing_targets_updated_october2017.pdf

Analysis of Sales Activity

Opportunity Cost of Land

This section analyses market activity to assess a 'base value' (or Opportunity Cost of Land) for the Site as currently zoned.

Table S1-1 summarises sales of low-density residential development sites (R2 zones) in 2021 - which achieved rates of \$800/sqm to \$1,400/sqm site area. Relevantly, these sales occurred prior to the significant price growth of median house prices and also prior to the recent increase in construction cost pricing and introduction of new fees and charges.

Table S1-1: Analysis of Sales Activity (Low Density Residential)

Address	Site Area (sqm)	Sale Price (Date)	Analysis (\$/sqm)	Comments
151-161 Tallawong Rd Rouse Hill	40,400	\$35,000,000 (Nov 2022)	\$866	Regular and level site in rapidly developing location within 2km of Tallawong metro station. No DA at time of sale.
20-22 Mahony Rd Constitution Hill	2,752	\$3,350,000 (Oct 2021)	\$1,217	DA approved for 4-lot subdivision (duplex). Existing dwellings in good condition with holding income potential.
15 Hill Rd, 1 View St West Pennant Hills	13,741	\$18,788,888 (Oct 2021)	\$1,367	Former seniors living and aged care facility understood to have closed at the end of its economic useful life. DA subsequently submitted for community title subdivision.
39-55 Oratava Ave West Pennant Hills	16,000	\$12,600,000 (Mar 2021)	\$788	DA approved for 17 community title residential lots. Vacant, elevated site with district and mountain views.

Source: Atlas

The analysed low density residential sites fall within a range of \$800/sqm to \$1,400/sqm site area. Generally, the larger the site, the lower the sale price (on a rate per square metre of site area). This inverse relationship is reflected in the analysis of **Table S1-1** smaller sites showing rates of \$1,200/sqm to \$1,400/sqm and larger sites showing rates less than \$900/sqm.

The sites in West Pennant Hills are considered most comparable to the Site. The Site is significantly larger (126,751sqm) than the West Pennant Hills sites and is additionally constrained by an electricity easement and asset protection zone in its northern portion. After deducting the constrained area of approx. 11,000sqm, a developable area of 115,751sqm remains.

The West Pennant Hills sites fall in a range of \$788/sqm to \$1,367/sqm and are much smaller - 1.3ha and 1.6ha compared to 12.7ha (11.6ha developable area) of the Site.

Accordingly, a lower rate of \$700/sqm is adopted as the Opportunity Cost of Land to account for the much larger dimensions of the Site, with larger sites take a longer time to sell and complete.

Residential Development Sites

This section analyses sales activity of residential development sites (medium and higher density) to observe prices paid. This analysis enables a comparison against the residual land values assessed in Step 2 and Step 3 (**Error! Reference source not found.** and **Error! Reference source not found.**).

There have been low levels of development sites market activity in the last 24 months, expectedly, given the softening of market conditions (rising construction costs and interest rates disproportionate to growth in apartment end sale values).

Table S1-2 summarises sales of higher density residential development sites in 2021 to 2023. The sites have the potential for small lot detached housing, medium density and apartments (4-7 storeys).

Table S1-2: Analysis of Sales Activity (Medium and Higher Density Residential)

Address	Site Area (sqm)	Sale Price (Date)	Analysis	Comments
25-31 Donald St 15A-15B Moseley St Carlingford	5,457	\$9,925,000 (Apr/ Sept 2023)	<ul style="list-style-type: none"> \$1,819/sqm site area \$1,541/sqm GFA 	R4 zone (FSR 1:1, 1.49:1) approx. 600m from Carlingford light rail stop. DA lodged in Dec 2023 for 70 units (4/ 6 storeys) and 80-place childcare (total 6,439sqm GFA, equivalent to FSR 1.2:1).

Address	Site Area (sqm)	Sale Price (Date)	Analysis	Comments
9-11 Figtree Ave Telopea	1,570	\$4,050,000 (Dec 2022)	<ul style="list-style-type: none"> \$2,580/sqm site area \$1,517/sqm GFA 	R4 zone (FSR 1.7:1) approx. 400m from Telopea light rail stop. Concept DA for 37 units and 95-place childcare centre.
40 Memorial Ave Bella Vista	18,790	\$20m to \$22m (Sept 2022)	<ul style="list-style-type: none"> \$1,064 to \$1,171/sqm site area 	R1 zone (FSR 1:1) approx. 1.2km from Kellyville metro station. DA submitted for residential flat building (224 units). Development potential is comparable to the Proposal, albeit in a slightly less established location.
Lots 215, 216, 218 Banyan Ave Norwest	78,400	\$100,917,721 (Oct 2021)	<ul style="list-style-type: none"> \$1,287/sqm site area 	R2 zone approx. 1.4km from Norwest metro station. DA submitted for 314 dwellings (56 small lot detached, 98 attached/ multi-dwelling housing, 160 units). Development potential is comparable to the Proposal, though located in the desirable locality of Baulkham Hills.
69 Windsor Rd Norwest	10,720	\$13,350,000 (Oct 2021)	<ul style="list-style-type: none"> \$1,245/sqm site 	R3 zone, equidistant (2km) from Norwest and Hills Showground metro stations. DA submitted in Aug 2022 for 25 residential lots (7 Torrens title, 18 community title). Lot sizes 250sqm-352sqm. Close to established centres of Castle Hill, Norwest and Castle Hill Golf Club. Superior location to the Site.
71 Windsor Rd Norwest	10,711	\$14,400,000 (Mar 2022)	<ul style="list-style-type: none"> \$1,344/sqm site area 	R2 and B1 zones. DA approved for 44 units (4 storeys), 11 townhouses and 12 commercial suites.
87 Windsor Rd Norwest	10,700	\$12,450,000 (Jan 2023)	<ul style="list-style-type: none"> \$1,164/sqm site area 	R2 zone. No DA submitted.
85 Windsor Rd Norwest	10,700	\$11,000 (Nov 2023)	<ul style="list-style-type: none"> \$1,028/sqm site area 	R2 zone. No DA submitted.

Source: Atlas

The analysis of development site sales indicates a hierarchy of pricing, that is, sites with the highest density potential sell for the highest prices on a dollar rate per square metre of site area (e.g. the analysed sites in Carlingford and Telopea).

- The site in Bella Vista has a development potential most comparable to the Proposal (FSR 1:1, 6-8 storeys). It is a smaller site (1.9ha) and sold at the end of 2022 for ~\$1,100/sqm site area.
- The sites in Norwest indicate prices have reduced from 2021 to 2023:
 - In 2021 - \$1,250/sqm to \$1,300/sqm site area.
 - In 2022 - \$1,344/sqm site area (DA approved).
 - In 2023 - \$1,164/sqm site area (in early 2023) and \$1,028/sqm site area (in late 2023).

The sale prices of sites in Bella Vista and Norwest are considered most comparable to the Site, given their location within the established suburbs of Norwest, Baulkham Hills and Castle Hill. The prices paid for sites in late 2023 compared to 2021 indicate a price softening of 17%. This is to be expected given the increase in construction cost and introduction of new fees and charges against softer unit price growth (as discussed earlier).

The Step 2 feasibility testing (**before VPA contributions**) results in RLVs of just over \$1,000/sqm GFA - which are lower than the \$1,100/sqm to \$1,300/sqm rates observed at the Bella Vista and Norwest sites. This is to be expected given the much larger scale of the Site (12.7ha).

While the site at Banyan Avenue, Norwest is comparable from a size perspective (7.8ha) to the Site's 12.7ha, it sold in October 2021 (more than 2 years ago). This sale analysed to a rate of \$1,287/sqm site area and occurred at a time prior to the market softening and introduction of new fees and charges. On a rate per square of site area, the Step 2 feasibility testing results in RLVs of circa \$1,050/sqm site area - approximately 15% less than the price paid at Banyan Avenue.

The Step 2 RLVs (Scenario 1 - \$1,013/sqm, Scenario 2 - \$1,043/sqm) are considered appropriate given the Site's characteristics (much larger area, relatively low density) compared to the range of the analysed site sales.

The analysis of sales activity is **not relevant** for reconciliation against the Step 3 RLVs as these include VPA contributions (public benefit works and Affordable Housing). The development sites in **Table S2-1** do not have VPA obligations like the Site.

Feasibility Testing Assumptions

Project Timing

Pre-sales marketing commences in Month 9. Site preparation commences in Month 21 and construction is for 12-24 months per stage. Development is staged to commence with detached and attached lots, followed by apartments (as 50% pre-sales is achieved). The aged care facilities, commercial floorspace and community facilities are staged thereafter.

Masterplan/ Built Form Scenarios

Development yields are adapted from urban design concept schemes and outlined in **Table S2-1**.

Table S2-1: Scenarios Tested

Description	Masterplan	
Total GFA (sqm)	139,436	
Equivalent FSR	1.1:1	
Residential Uses	GFA (sqm)	
Detached (single) dwellings	10	1,958
Attached dwellings	40	12,603
Underbuilding townhouses	185	32,482
Apartments (ILUs included)	690 (130)	73,620
1-bedroom units	138	
2-bedroom units	414	
3-bedroom units	103	
4-bedroom units	34	
Aged Care Facility (avg. 80sqm)	100	10,326
Non-residential Uses	GFA (sqm)	
Commercial	2,800	
Community facilities (including library, resident amenity and multi-purpose space)	4,400	

Source: Hassell

The apartments comprise a mix of Type 1 (30%) and Type 2 (70%) unit sizes, detailed further in **Table S2-2**. Minimum parking requirements under the Parramatta DCP 2023 are additionally detailed.

Table S2-2: Apartment Unit Mix and Parking Assumptions

Apartment Type	Mix	Type 1 (30%)	Type 2 (70%)	Min. Parking (per dwelling)
1-bedroom units	20%	50sqm	65sqm	1 space
2-bedroom units	60%	70sqm	90sqm	1.25 spaces
3-bedroom units	15%	95sqm	120sqm	1.5 spaces
4-bedroom units	5%	105sqm	130sqm	2 spaces
Average Internal Area (sqm)		71.5sqm	91.5sqm	0.25 visitor space

Source: Parramatta DCP

Other relevant minimum parking requirements in the Parramatta DCP 2023 are as follows:

- Dwelling houses and dual occupancies - 1 space per dwelling, 2 spaces per dwelling with 3 or more bedrooms.
- Business and office premises - 1 space per 50sqm GFA.

Revenue

Average end sale values are adopted based on property market research and analysis.

Table S2-3: End Sale Values

Land Uses	End Sale Values	
Detached (single) dwellings	\$10,000	\$2,000,000
Attached dwellings	\$6,500	\$1,885,000
Underbuilding townhouses	\$9,000	\$1,350,000
Aged Care rooms	\$7,500	\$600,000
Apartments (ILUs included)	<div> <div>Type 1</div> <div>Type 2</div> </div>	
1-bedroom units	50sqm \$11,500 \$575,000	65sqm \$11,000 \$715,000
2-bedroom units	70sqm \$11,500 \$805,000	90sqm \$11,000 \$990,000
3-bedroom units	95sqm \$11,000 \$1,045,000	120sqm \$10,500 \$1,260,000
4-bedroom units	105sqm \$11,500 \$1,207,500	130sqm \$11,000 \$1,430,000
Commercial	\$8,000/sqm	

Source: Atlas

Comparable residential sales in the vicinity are shown in **Table S2-4**, notably lower than the revenue assumptions adopted.

Table S2-4: Residential Sales

Address	Suburb	Sale Date	Sale Price	Area (sqm)	Analysis	Internal Accommodation
Detached dwellings		Site area (sqm)				
19 Peterson Pl	North Rocks	Apr 2023	\$2,385,000	929		8bed x 4bath x 2car
30 North Rocks Rd	North Rocks	Jan 2023	\$2,725,000	1,182		6bed x 4bath x 3car
14 Pembury Ave	North Rocks	May 2023	\$1,850,000	696		3bed x 1bath x 3car
11 Ebony Ave	North Rocks	Aug 2023	\$1,970,000	696		4bed x 4bath x 2car
20 Leysdown Ave	North Rocks	Sept 2023	\$1,850,000	701		3bed x 1bath x 4car
Townhouses		Internal area (sqm)				
6/199 North Rocks Rd	North Rocks	Sept 2023	\$1,257,500	160 (est.)	\$7,800	3bed x 2bath x 2car
3/23-25 Windermere Ave	North Rocks	Sept 2023	\$1,025,000	150 (est.)	\$6,800	3bed x 3bath x 2car
4/54 Barclay Rd	North Rocks	Sept 2023	\$1,305,000	190 (est.)	\$6,900	3bed x 2bath x 2car
8/167-169 North Rocks Rd	North Rocks	Sept 2023	\$1,300,000	150 (est.)	\$8,700	3bed x 2bath x 2car
Apartments		Internal area (sqm)				
29/263-265 Midson Rd	Beecroft	July 2022	\$750,000	75	\$10,000	2bed x 2bath x 1car
1/176-178 Ray Rd	Epping	June 2022	\$800,000	70	\$11,429	2bed x 1bath x 1car
1/3-7 Windermere Ave	Northmead	Oct 2021	\$695,000	70	\$9,929	2bed x 1bath x 1car
14/18-22 Campbell St	Northmead	Sept 2021	\$680,000	100	\$6,800	3bed x 2bath x 2car

Source: Atlas

It is assumed that 50% of the residential yield would be pre-sold prior to commencement of construction and the balance would be sold prior to completion of construction at an average rate of 15-20 units per month.

Other revenue assumptions:

- GST is excluding on non-residential sales and included on the residential sales.
- Residential revenue escalated at 5% per annum.
- Sales commission at 2.5% (residential) and 1.5% (non-residential) gross sales.
- Marketing costs of 0.5% on gross sales and legal cost on sales included at \$1,500 per dwelling.

Costs

- Land purchase cost imputed by the Opportunity Cost of Land.
- Legal costs, valuation and due diligence was assumed at 1% of land price and stamp duty at NSW statutory rates.
- Construction costs are assumed based on past experience:
 - Detached (single) dwelling build cost - \$2,250/sqm
 - Attached dwelling build cost - \$2,250/sqm
 - Underbuilding townhouse build cost - \$2,500/sqm
 - Apartment build cost - \$3,000/sqm and balconies - \$1,000/sqm
 - Aged care construction \$3,000/sqm
 - Commercial and community \$2,000/sqm
 - Parking \$55,000 per space

Other cost assumptions include:

- Construction costs escalated at 3% per annum.
- Professional fees at 9% of construction cost.
- Development management at 1% of construction cost.
- Site works and lead-in infrastructure (1% each of construction cost).
- Statutory fees:
 - DA and CC fees at Council's fees and charges.
 - Long service levy of 0.25% of construction costs.
- s7.11 contributions at:
 - \$17,035 per dwelling (1 bedroom), \$19,724 (2 bedroom) and \$20,000 per dwelling (rest of dwellings).
 - \$2,899 per worker for commercial floorspace and aged care facilities.
- Housing and Productivity contributions at \$12,000 (house), \$10,000 (apartments), \$30/sqm GFA (commercial).
- Sydney water infrastructure charges at \$3,870 per ET.
- Land holding costs applied at statutory rates.
- Finance costs:
 - 100% debt funding at interest capitalised monthly at 6% per annum.
 - Establishment fee at 0.35% of peak debt.

Hurdle Rates

Key performance indicators relied upon are hurdle rates (development margin¹ and project IRR²). Benchmark hurdle rates and their 'feasible' ranges are indicated in **Table S2-5**.

Table S2-5: Benchmark Hurdle Rates

Performance Indicator	Feasible	Marginal to Feasible	Not Feasible
Development Margin	>20%	18%-20%	<18%
Project Return (IRR)	>18%	17%-18%	<17%

Source: Atlas

¹ Development Margin is profit divided by total costs (including selling costs)

² Project IRR is the project return on investment, the discount rate where the cash inflows and cash outflows are equal