

Campsie Town Centre

Affordable Housing Analysis

CITY OF CANTERBURY BANKSTOWN

SEPTEMBER 2025



Beyond the
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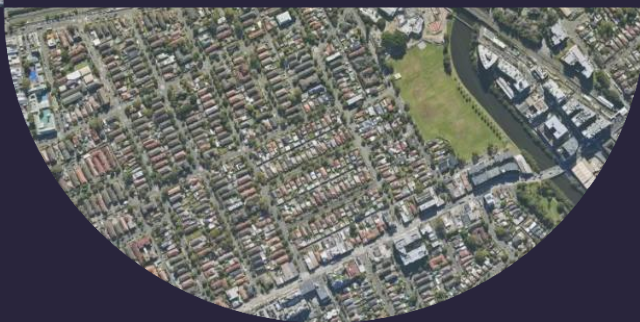
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1

Introduction



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Campsie Town Centre

1.1 Background

The City of Canterbury Bankstown (**the City**) is one of the most populous local government areas in NSW. Located between 7km and 20km south-west of the Sydney CBD, the City is also characterised as one of Greater Sydney's most vibrant and ethnically diverse regions.

Along with Bankstown, Campsie is one of the City's two strategic centres. The Campsie Strategic Centre (referred to interchangeably as '**Campsie**' and '**the Centre**') is a retail and health-focused centre which provides key services for the eastern part of the City.

Looking forward, Campsie is expected to continue functioning as a civic, cultural, recreation, retail and local services hub. The centre has the opportunity to capitalise on major infrastructure investment underway, including the imminent completion of the Sydney Metro City & Southwest and Campsie Metro Station, along with the planned expansion of Canterbury Hospital.

To guide the growth and renewal of Campsie and over the course of 2021, the City of Canterbury-Bankstown Council (**Council**) prepared the Campsie Town Centre Masterplan (**the Masterplan**). Council adopted the Masterplan in 2022. Atlas Economics (**Atlas**) provided development feasibility and Affordable Housing advice to inform the preparation of the Masterplan.

Council submitted a planning proposal to the Department of Planning, Housing and Infrastructure (**DPHI**) for Gateway Determination. The Planning Proposal sought to implement the Master Plan and include Campsie Town Centre within the Council's Affordable Housing Contributions Scheme. DPHI issued Council with a request for further information and revisions.

In 2024, Council resubmitted the planning proposal (PP-2024-2261) (**the Planning Proposal**) to DPHI and in January 2025, Council received Gateway Determination to proceed with public exhibition, subject to conditions.

Atlas Economics (**Atlas**) is engaged to provide advice to Council to assist with addressing Gateway Determination conditions (**the Study**). The Study builds on previous work carried out by Atlas to support development of the Master Plan over 2021-22.

1.2 Scope and Approach

SCOPE AND APPROACH

To assist Council with addressing Gateway Determination conditions, Atlas are carrying out additional research and analysis to update earlier work (carried out in 2021-22) and make recommendations to reflect current market conditions, including expectations that Metro services will be available at Campsie in 2026.

The core objectives of this Study are to investigate the capacity of development to contribute to affordable housing given:

- The requirements for non-residential floorspace; and
- The feasibility of development.

To meet these objectives, the following tasks have been undertaken:

- Comparison of existing planning controls in the Campsie Town Centre to those proposed, to understand the nature and extent of change proposed to the planning framework.
- Market research to understand existing property values, patterns of demand and supply, likely price points and development site values.
- Financial feasibility modelling to test the capacity of development to contribute to affordable housing, immediately and if a contributions requirement were phased-in over a number of years.
- Estimate of potential Affordable Housing outcomes in Campsie.

The Study synthesises the findings to make recommendations on implementation of appropriate affordable housing contribution requirements.



THE PLANNING PROPOSAL

The Gateway Determination (DPHI, 2025) recommends the Planning Proposal (Council, 2024) should proceed subject to a number of conditions. TABLE 1-1 lists the conditions that are relevant to the Study and provides reference to where they are addressed.

Atlas is concurrently engaged to prepare an Employment Analysis to address the conditions relating to non-residential floorspace provision. For the purposes of TABLE 1-1 this concurrent report is referred to as '**the Employment Study**'.

TABLE 1-1: Gateway Determination Conditions

REF.	CONDITION	ADDRESSED IN STUDY
1.1	Update the proposed approach to affordable housing contributions to provide alignment with the recently gazetted clause 6.38 Affordable Housing Contributions of the Canterbury Bankstown Local Environmental Plan (LEP) 2023	Throughout and Chapter 4
1.2	Provide an explanation of the proposed phased implementation approach and Affordable Housing Contribution Scheme elements that Council intends to incorporate with the existing provisions	Section 3.3
1.3	Confirm whether the 2021 and 2022 feasibility analysis remains relevant to support the proposed contributions	No longer relevant due to structural changes since 2021 and 2022. Addressed in section 2.3
1.4	Provide an updated estimate of potential affordable housing dwellings to be delivered within the precinct	Section 3.4
1.8	Remove the options to deliver affordable housing and 50% employment generating floorspace under the proposed incentive clause. The proposed incentive clause is to support the delivery of on-site infrastructure only. Further justification is also required in relation to the type of infrastructure and its location, as well as feasibility considering also the application of affordable housing contributions. Through-site links are generally not considered appropriate for inclusion in a LEP where there is uncertainty in relation to the final development outcomes and ownership patterns	Employment Study
1.10	Remove the proposed sustainability bonus and redistribute the proposed FSR bonus to the draft base FSR map where appropriate	Employment Study
1.13	Remove the proposed 'no net loss of existing employment floorspace in the B4 Mixed Use zone' provision. Council may wish to consider an alternative approach that is design-led and strategically justified rather than targeting sites based on existing uses	Employment Study

Source: DPHI

The overarching objective of the Planning Proposal is to facilitate residential and commercial growth in the Campsie Town Centre, which is identified as a Strategic Centre and an area identified for significant economic growth.

1.3 Assumptions and Limitations

Atlas acknowledges a number of limitations associated with the Study.

The Study carries out property market and land use research at an aggregate level. Feasibility testing is carried out on generic development typologies with findings considered to be representative for the Campsie Town Centre.

While the methodology is considered appropriate for the objectives of the Study, we highlight the limitations to an aggregate study such as this:

- Desktop appraisal of 'as is' property values without internal or site inspections.
- Generic feasibility testing does not consider nuances of a site typically considered in detailed feasibility analysis.



- Aggregation of site-specific feasibility testing to infer implications for the Study Area.

Despite the limitations of generic feasibility analysis, the Study is considered to be instructive in understanding the impacts of including Affordable Housing contributions across the Campsie Town Centre.



2

Campsie Town Centre



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Campsie Town Centre

2.1 Centre Overview

Campsie Town Centre (**Campsie** or **the Town Centre**) is a Strategic Centre and the second-largest centre within the Canterbury Bankstown local government area (LGA). Campsie is located 12km southwest of the Sydney Central Business District (CBD).

Campsie is centred around Beamish Street, the main retail and commercial strip, running north-south from Cooks River to Canterbury Road. Beamish Street is characterised by older, fine grain retail shop fronts and low-rise commercial buildings.

Campsie is bound by the Cooks River to the north and east, Canterbury Road to the south, First Avenue, Clarence Street, Varidel Avenue, Omaha Street, Bruce Avenue, Loftus Street and Tudor Street to the west.

FIGURE 2-1 is an extract from the Master Plan and illustrates the Master Plan area and its elements.

FIGURE 2-1: Campsie Town Centre Master Plan Area



Source: Council (2022)

EXISTING LAND USES

Campsie is a key civic and administrative hub in the eastern part of the Canterbury Bankstown LGA. The centre comprises large commercial anchors and a mix of small businesses. Large commercial anchors include the Campsie Centre shopping centre, Campsie Woolworths, Campsie Mall Shopping Arcade, Station House Hotel and the Campsie RSL.

The commercial spine of Beamish Street is zoned E1 Local Centre and runs north-south, bisected by the rail corridor. Beamish Street is characterised by older style, fine grain retail and low-rise commercial buildings close to the train station. The Campsie train station is undergoing conversion works as part of the City and Southwest metro line, expected to be operational in 2026.

Residential land uses border the commercial centre to the east and west of Beamish Street. These areas are zoned R3 Medium Density Residential and R4 High Density Residential, characterised by a mix of Torrens title and strata lots. Torrens titled lots are typically improved by established single storey detached housing and more modern two-storey detached houses interspersed. Strata lots are typically improved by low rise, 2-3 storey residential unit blocks.



New higher density residential development has been focused at the northern end of the centre proximate the Cooks River as well as on the periphery of the 'core' sections of Beamish Street (i.e. 400m of Campsie train station). These new developments have been a mix of residential flat buildings and shop top housing ranging from 4 to 6 storeys.

The southern portion of Campsie along Canterbury Road is primarily zoned E1 Local Centre and E3 Productivity Support, characterised by light industrial uses, medical and associated health care land uses proximate to Canterbury Hospital.

2.2 Planning Context

2.2.1 Existing Planning Controls

The Canterbury-Bankstown Local Environmental Plan (2023) (**the LEP**) came into effect in June 2023 and *inter alia*, implemented new employment zones in line with the standard instrument template.

In Campsie, the following land use zones currently apply:

- **E1 Local Centre** - along the majority of Beamish Street within 400m of the Campsie train station, as well as at the intersection of Beamish Street and Canterbury Road.
- **E3 Productivity Support** - along the majority of Canterbury Road at the southern edge of the Master Plan area. Residential accommodation is prohibited in the E3 zone.
- **R4 High Density Residential** - abutting the E1 zone and generally designated with FSRs 0.5:1, 0.9:1 and 1.4:1.
- **R3 Medium Density Residential** - at the outer edges of the centre.

There are height controls but currently no FSR controls in the E1 and E3 zones.

2.2.2 Campsie Town Centre Planning Proposal

The Planning Proposal seeks to implement the adopted Campsie Town Centre Master Plan, leveraging key infrastructure investments including the conversion of Campsie train station to Metro service standards and the \$350m upgrades/ expansion works to the Canterbury Hospital.

The Planning Proposal additionally seeks to implement employment zones to align the LEP with the standard instrument template which now incorporates the employment zone reforms (December 2021).

At its core, the Planning Proposal aims to enable capacity for an additional 6,360 dwellings to meet housing targets (target 50,000 new dwellings across the LGA by 2036) and capacity for an additional 2,700 jobs (target 7,500 jobs across the LGA by 2036). The Planning Proposal additionally seeks to require affordable housing contributions through an LEP clause.

LAND USE CONTROLS

The Planning Proposal envisages amendments to the LEP through changes to land use zoning, height of buildings (**HOB**), floor space ratio (**FSR**) aimed at enabling increased development activity in the Town Centre.

The Gateway Determination conditions require amendment to some of the controls proposed. Those relevant to the Study (this report) and the Employment Study are summarised herein.

The Master Plan had envisaged incentive heights and floorspace to encourage the provision of employment floorspace, on-site infrastructure, affordable housing and sustainability outcomes.

The proposed incentive scheme was not supported in the Gateway Determination, considered to be overly complicated and uncertain. Instead, the Gateway Determination requires a scaling back of the incentive scheme to facilitate the delivery of affordable housing and on-site infrastructure only with a redistribution of the proposed sustainability bonuses where appropriate. Feasibility analysis is required to support implementation of the amended incentive provisions.

The Planning Proposal introduced a no net loss of employment floor space provision to apply in the B4 Mixed Use zone. This required existing buildings to retain an equivalent amount of employment floorspace upon redevelopment. The Gateway Determination considered this to be an unjustifiable burden on sites based on their existing uses. DPHI suggested Council consider an alternative approach to encouraging employment floorspace, one that is design-led and strategically justified.



The Planning Proposal sought to remove an additional permitted use of residential accommodation in the E3 Productivity Support zone along Canterbury Road to implement the recommendations of the Canterbury Road Review in 2017, focus residential development closer to the Campsie train station and reinforce Canterbury Road as an enterprise corridor.

The Employment Study (by Atlas issued under separate cover) recommends a minimum non-residential FSR 0.9:1 to apply in the E1 zone. This has direct implications for development feasibility and the capacity to contribute to affordable housing.

DENSITY CONTROLS

TABLE 2-1 summarises the existing the proposed planning controls within the Campsie Town Centre. The proposed planning controls include the previously proposed sustainability bonuses.

TABLE 2-1: Existing and Proposed Planning Controls

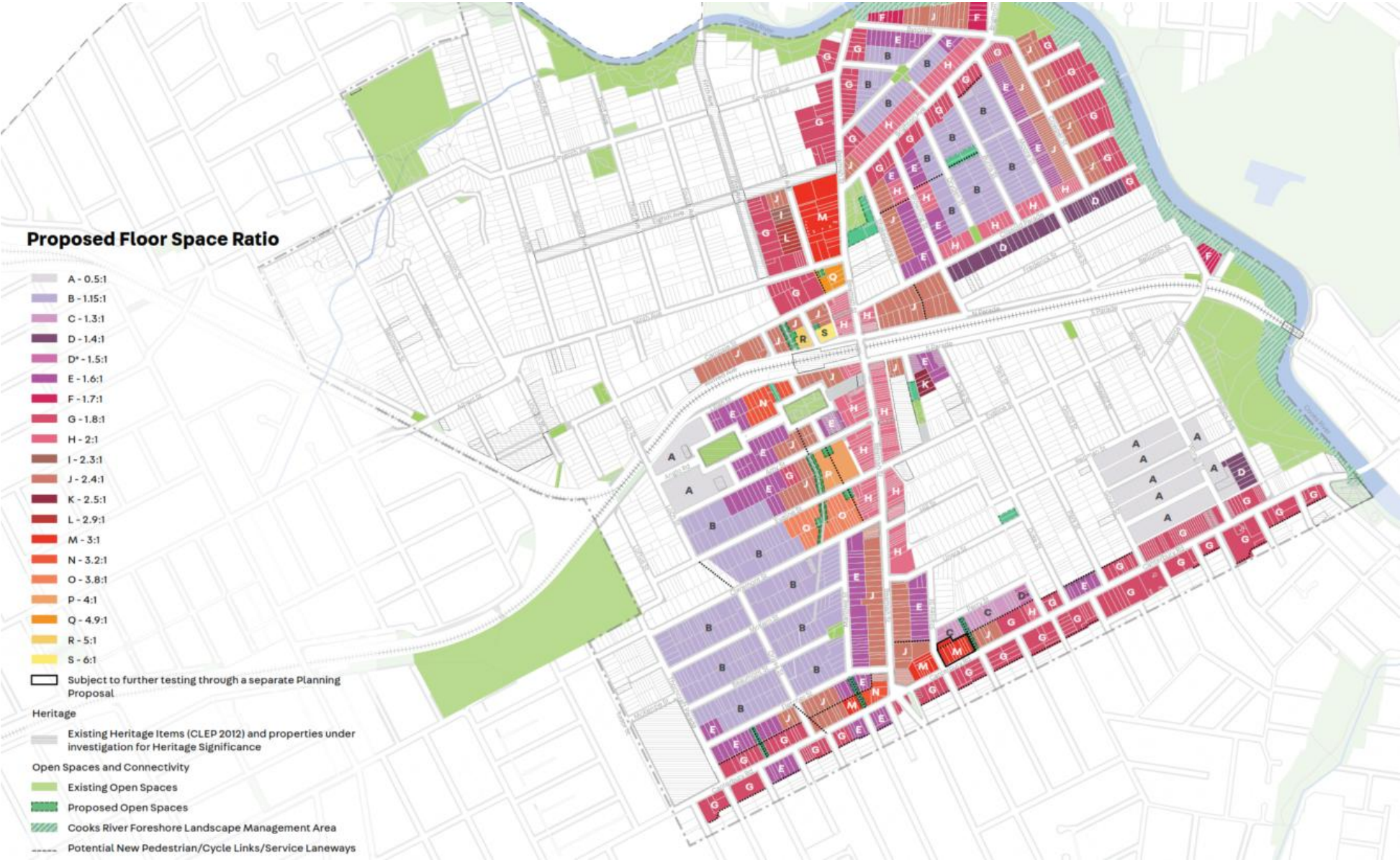
LOCATION	EXISTING PLANNING CONTROLS			PROPOSED PLANNING CONTROLS		
	LUZ	FSR (n=1)	Storeys	LUZ	FSR (n=1)	Storeys
North of train line, west of Beamish St	E1	-	4-8	MU1	2.0 to 6.0	5-20
	R4	0.75 to 2.9	4-7	R4	1.8 to 2.9	6-10
	R3	0.5	3	R3	0.5	3
North of train line, east of Beamish St	E1	-	4-8	MU1	2.0 to 2.4	5-8
	R4	0.75 to 1.6	4-7	R4	1.15 to 2.4	3-8
	R3	0.5	3	R3	0.5 to 2.4	2-8
South of train line, west of Beamish St	E1	-	5-8	MU1	1.6 to 4.0	5-16
	R4	0.75 to 1.4	3-5	R4	1.15 to 3.8	3-16
	R3	0.5	3	R4	0.5 to 3.8	2-15
				E1	1.6 to 3.0	5-10
				MU1	1.6 to 2.4	5-8
South of train line, east of Beamish St	E3	-	5	E3	1.8	5
	E3	-	5	E3	1.6 to 1.8	5
	E1	-		MU1	2.0 to 2.4	5-8
	R4	0.9 to 1.4		R4	0.9 to 2.5	3-8
	R3	0.5		R3	0.5	4
				R4	1.6	6
	E3	-		E3	1.3 to 3.0	3-10

Source: Council (2022)

FIGURE 2-2 illustrates the total floor space ratio controls (including incentives) envisaged in the Master Plan.



FIGURE 2-2: Campsie Master Plan, Proposed Floor Space Ratios



Source: Council (2022)



2.3 Market Context

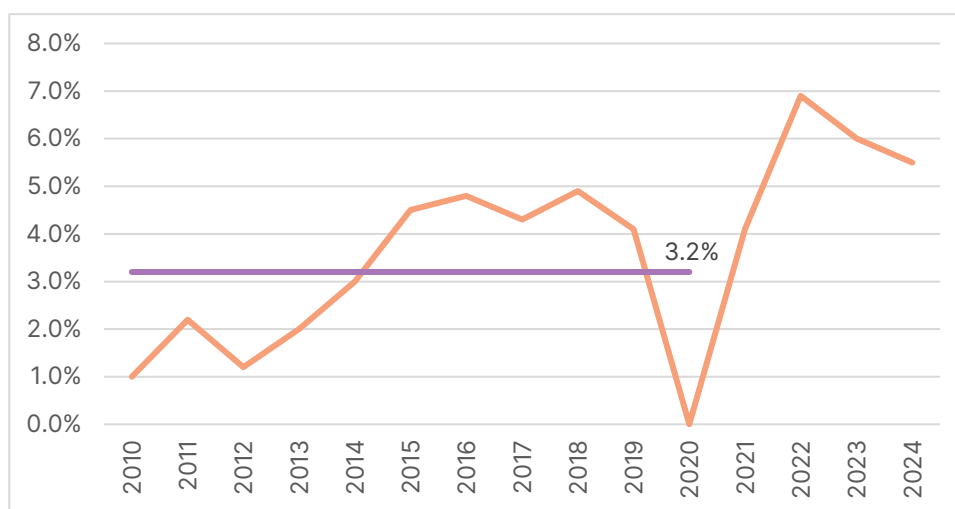
Recent market conditions have generally not been conducive to high density development. An inflationary cost environment, high interest rates alongside soft apartment price growth has rendered many a development not feasible.

2.3.1 Construction Cost

The cost of construction generally increases by 2.5% to 3.5% per annum, averaging 3.2% over the 10-year period to 2020. Global supply chain disruptions resulted in a spike in the cost of construction from 2021, with prices yet to normalise.

FIGURE 2-3 shows generic construction cost movements and the 10-year average over the 2010-20 period against cost movements over the last four years from 2021.

FIGURE 2-3: Construction Cost Movements, Greater Sydney (2010-2024)



Source: RLB

The cost of production for apartments increased significantly from 2021 due to the significant increase in the cost of construction and higher cost of capital (driven by interest rate rises).

Construction cost movements have begun to moderate - it does not mean that construction costs are declining. Rather, it means that construction costs are not increasing as rapidly as they were 24 months ago.

If increases in the cost of production can be offset by higher revenues, a project's development margin/ profit can be preserved as will the feasibility of development. Over the 2021-2024 period however, growth in apartment end sale values has been relatively flat owing to the reduction in household borrowing capacity from rising interest rates.

2.3.2 Residential Sale Prices

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. House prices in particular, experienced extraordinary growth in a single year (2021-2022). Unit prices also experienced strong growth, though not as significant as house prices.

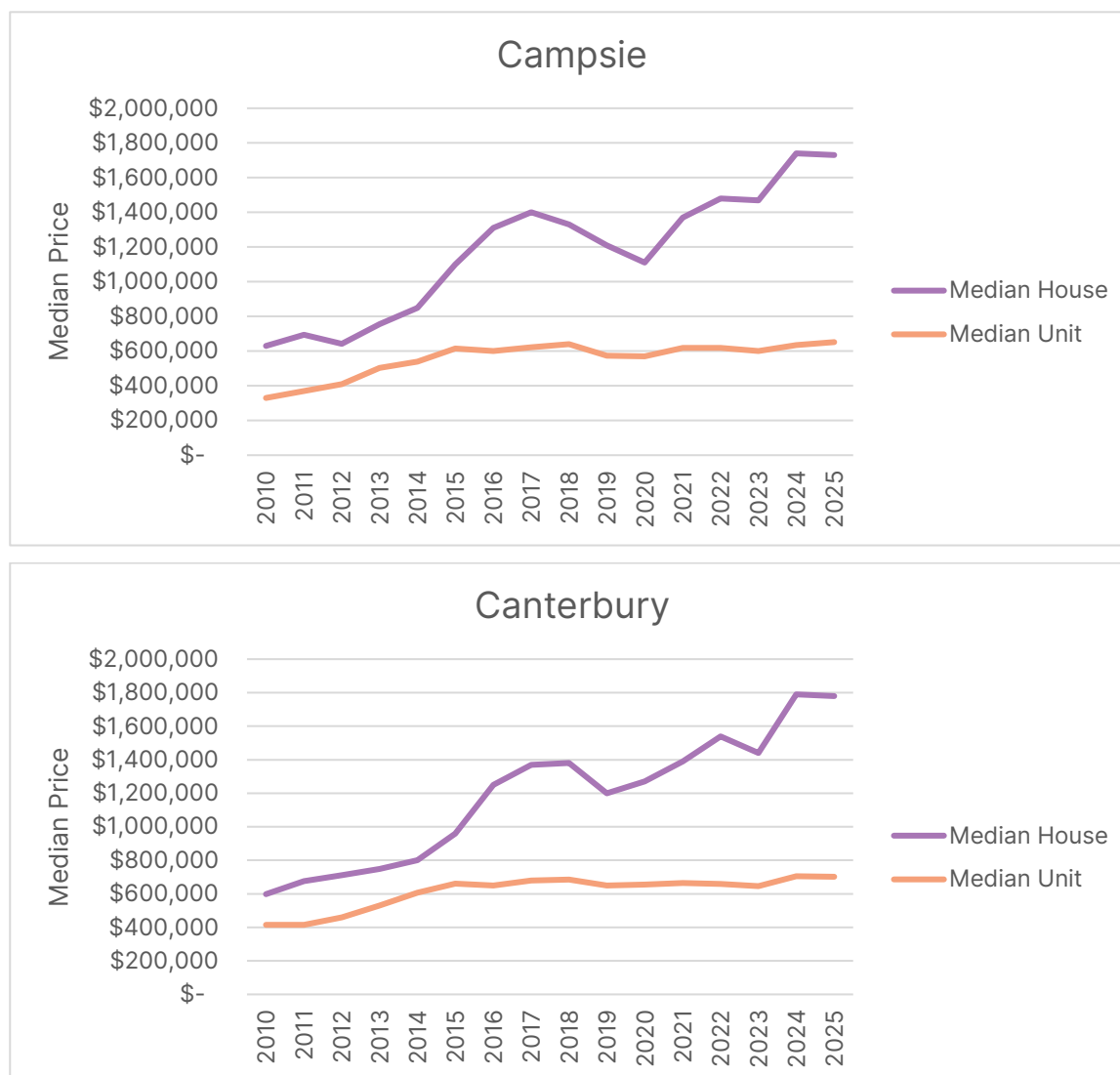
Following successive increases to the cash rate from 2022, residential price growth moderated. Despite that, house prices in the Inner West LGA have continued to rise, indicating an emerging structural preference for single dwellings over apartments. These price movements have direct implications for the feasibility of development, as:

- **House price growth** underpins the cost to consolidate existing dwellings for development. The stronger the growth in house prices, the greater the cost of land for development in existing residential areas.
- **Unit price growth** underpins the prices completed apartments could achieve. The stronger the growth in apartment prices, the better the prospects for development to be feasible. Apartment prices that cover the cost

of production (cost of land and cost of development) and deliver a commercial return, are critical for development to be feasible.

FIGURE 2-4 shows the relative growth in median house prices compared to median unit prices in Campsie and neighbouring Canterbury for additional context.

FIGURE 2-4: Median House Price and Median Unit Price (2010-25), Campsie and Canterbury



Source: Pricefinder

The analysis shows that from 2021, median house prices significantly outstripped median unit prices. The spread between house and unit prices is therefore greater today than a decade ago. This means that all things being equal, more units (greater density) are required to offset the cost of land from the assembly of sites currently with houses, for development.

TABLE 2-2 summarises the price movements, indicating that median house prices have nearly trebled in the 15-year period, whereas median unit prices have less doubled.

TABLE 2-2: Median House and Median Unit Prices (2010-2025), Campsie and Canterbury

YEAR	CAMPSIE		CANTERBURY	
	House	Unit	House	Unit
2010	\$630,000	\$330,000	\$598,000	\$415,000
2015	\$1,100,000	\$615,000	\$960,000	\$660,000
2020	\$1,110,000	\$570,000	\$1,270,000	\$655,000
2025	\$1,730,000	\$652,000	\$1,780,000	\$702,000



YEAR	CAMPSIE		CANTERBURY	
Growth	175%	98%	198%	69%
Avg. Annual	7.0%	4.6%	7.5%	3.6%

Source: Pricefinder

This simple analysis shows that in 2025, the number of units needed to offset the cost of redeveloping land with houses is greater. Higher densities are therefore needed for development of existing residential areas to be feasible.

2.3.3 Analysis of Market Activity

EXISTING USES

The Centre accommodates a range of existing uses. This generally includes retail strip and commercial uses along Beamish Street and Canterbury Road. It is relevant to understand the nature of existing uses in the Centre that underpin the cost of land for development.

Of the various land uses and property types, single dwellings that are aged and on large blocks generally have the lowest existing use values. They therefore represent the lowest cost of land for development. In the Centre, single dwelling lot sizes are relatively small, ranging from 400sqm to 700sqm, and generally averaging 500sqm-600sqm. Smaller lot patterns are associated with higher values (on a \$/sqm site area basis), therefore costing more and requiring greater densities to be feasible.

A review of single dwelling sales activity in the Centre indicates a broad range of sale prices, from ~\$1.6m to \$2.6m. They vary based on building finishes, lot size and location. Sale prices generally increase northward toward the Cooks River.

Non-residential uses (commercial, retail, industrial) have higher existing use values. Additionally, retail and commercial uses along the main retail strip of Beamish Street comprise compact lot sizes and have the highest values on a \$/sqm site area basis.

Where site consolidation is required in areas where there is lot/ ownership fragmentation (e.g. multiple single lots or strata-titled properties), a higher cost of land will result. The more fragmented the lot patterns, the greater the need for incentive premiums and the higher the cost of land to a developer.

NEW RESIDENTIAL UNITS

There are limited residential unit projects currently selling off-the-plan in the Centre and the broader region. Newer apartment projects have been predominantly delivered in surrounding markets, including buildings ranging up to 10 storeys. This includes areas such as Burwood, Strathfield and Homebush.

One example proximate to the Centre is 'Wisteria Court' in Campsie. The development is a 2-storey boutique residential development comprising 8 x 2-bedroom apartments and 1 x 3-bedroom townhouse. The project commenced marketing prior to construction completion, selling off-the-plan since 2021. Sale prices ranging from \$750,000 to \$800,000. This reflects a rate of ~\$10,300/sqm to \$11,500/sqm of Net Saleable Area (**NSA**). Greater \$/sqm of NSA rates would expectedly be achieved in the Campsie Town Centre, closer to public transport facilities, retail and commercial services amenity.

2.4 Implications for Affordable Housing Contributions

The Campsie Master Plan seeks to increase planning capacity in areas appropriate for densification, including those areas proximate the Campsie train station as well as along the Cooks River.

The quantum of proposed change varies. Some areas are proposed for a significant uplift in planning capacity with densities and heights more than three times greater than permitted under current controls. Other areas proposed for change are to experience more modest levels of planning uplift. Certain areas are not proposed for planning change.

Whilst many areas will benefit from an increase in density controls, this does not necessarily mean all sites will be financially feasible to redevelop. A range of factors, including existing property values, land ownership and site consolidation patterns influence the feasibility of development.



Furthermore, and as illustrated in section 2.3, due to structural change to the 'new normal' of construction cost prices and the spread of prices between houses and apartments, greater density is today required for development to be feasible. This has direct implications for the capacity of development to contribute to affordable housing.

The next chapter carries out development feasibility modelling to assess the capacity of land to contribute to Affordable Housing based on the controls proposed in the Master Plan.



3

Affordable Housing Contributions



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Campsie Town Centre

3.1 Introduction

This chapter carries out a viability assessment to investigate the capacity of development to contribute to affordable housing. This has regard to proposed planning controls and any requirement for non-residential floorspace.

METHODOLOGY

The financial feasibility analysis relies on the Residual Land Value approach. The approach involves assessing the value of the completed product, making a deduction for development costs and making a further deduction for profit and risk while ensuring the development achieves a target profit margin and target return (or the 'target hurdle rates').

The amount that a development can afford to pay for land is a 'residual', i.e. the amount that remains after development costs are deducted and target hurdle rates are achieved. The residual land value (**RLV**) therefore represents the maximum price a developer could pay for the opportunity to develop the site under the planning controls whilst achieving target hurdle rates.

For there to be an incentive to develop, the RLV must exceed the cost of land. The cost of land includes: a site's existing value which is influenced by its improvements, ownership patterns and any premium incentives necessary to secure vacant possession. Accordingly, the value of existing uses, premium and any other costs that a developer may need to be pay to consolidate a development site, are fundamental to the feasibility equation of new development.

SELECTION OF SITES FOR TESTING

The Study reviews the nature of planning change in Town Centre, patterns of existing uses and identifies a selection of sites for feasibility testing. The sites selected are intended to be representative of sites that are subject to amended planning controls.

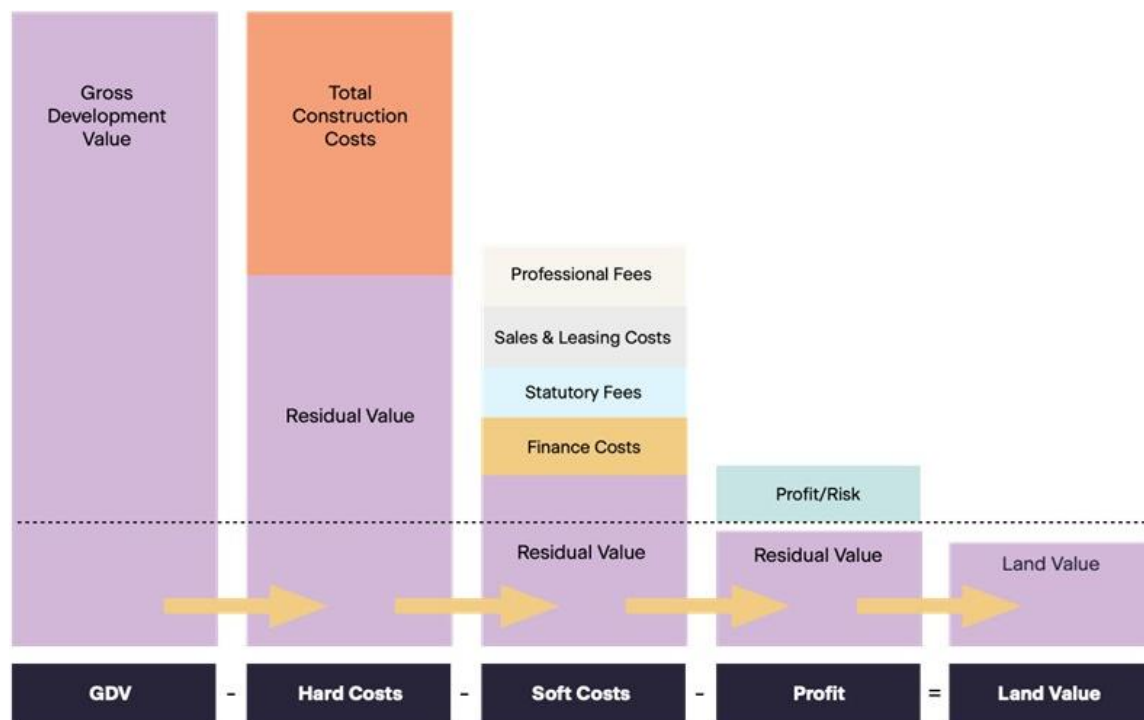
Notional development yields are formulated for the selected sites. The cost to purchase individual properties (including an incentive premium) within a development site is estimated from property market research into sales and market activity.

There are two key steps in the generic feasibility analysis:

- **Step 1:** Assess the 'as is' value of a selected site under the current planning framework (i.e. existing use value) including an incentive premium a developer would likely need to pay in addition, to secure the site. This is the assumed cost of land.
- **Step 2:** Based on the proposed planning controls, carry out feasibility modelling to identify the RLV of the assumed development site after making a contribution to Affordable Housing. If the RLV is higher than the assumed cost of land (assessed in Step 1), the site has the capacity to contribute to affordable housing and remain feasible.

FIGURE 3-1 illustrates the concept of the Residual Land Value (also known as the Hypothetical Development) approach.

FIGURE 3-1: The Residual Land Value Method



Source: Atlas Economics

ASSUMPTIONS AND LIMITATIONS

The Viability Assessment carries out a generic feasibility assessment which makes a number of assumptions to enable observations to be made at an aggregate level across the Town Centre. The following limitations are highlighted:

- It is not practically viable to examine the feasibility of every site. Sample sites are selected and notional development typologies are assumed for generic feasibility testing.
- Generic feasibility testing is based on high-level revenue and cost assumptions and does not consider site-specific nuances typically considered in detailed feasibility analysis.
- A desktop appraisal of 'as is' or existing property values is carried out without the benefit of site inspections or property-specific financial information (e.g. rental income, investment returns, lease break clauses). The estimate of existing property values is made in the absence of site-specific information and is accordingly high-level and indicative only.

The purpose of testing is to assess if, after Affordable Housing contributions, investment hurdle rates fall within an acceptable range. The observations of the generic feasibility testing are aggregated to consider the capacity of development in the Centre to contribute to affordable housing.

3.2 Feasibility Testing

3.2.1 Tested Scenarios

The Viability Assessment develops hypothetical development scenarios for the purposes of testing the feasibility of the sites selected and their capacity to make affordable housing contributions (if any).

The development types tested are shown in TABLE 3-1.



TABLE 3-1: Notional Developments Tested

DEVELOPMENT TYPE	TOTAL FSR	NON-RESIDENTIAL FSR	RESIDENTIAL FSR
MIXED USE DEVELOPMENT	3.2:1	0.9:1	2.3:1
	4.9:1	0.9:1	4.0:1
	6.0:1	0.9:1	5.1:1
	3.9:1	0.9:1	3.0:1
	4.75:1	0.9:1	3.85:1
RESIDENTIAL FLAT BUILDING	2.5:1	-	2.5:1
	1.7:1	-	1.7:1
	2.4:1	-	2.4:1

Source: Atlas

TESTED SITES

A selection of sites in the Centre is tested to examine if development is likely to be feasible, and if so, the capacity of that development to contribute to affordable housing.

Sites along and off Beamish Street within the E1 Local Centre zone generally comprise strip retail and low-rise commercial buildings. Higher levels of pedestrian footfall and occupancy rates in some parts of the centre are commensurate with higher rents. In some parts of Campsie, valuable existing uses makes it challenging for developers to economically consolidate sites for development.

Beyond the E1 zone (east and west of Beamish Street), the existing R3 and R4 zones accommodate a mix of detached dwellings and strata titled and Torrens titled residential flat buildings. Many of these are low-rise walk-up residential unit blocks.

Further south of the train station, lot patterns are slightly larger and not as intensely improved. This has direct implications for the cost of site consolidation. The Study notes that along Canterbury Road, residential accommodation is not permitted in the E3 zone.

Towards the Cooks River foreshore in the north, single residential uses in the R3 zone are on slightly larger allotments.

3.2.2 Testing Outcomes

In a series of graphs, the baseline feasibility of development (with no affordable housing contributions) is indicated - through a comparison of the assumed cost of land for selected sites against the residual land value (RLV) of development. If the RLV is higher than the assumed cost of land, the proposed planning controls are feasible. If the RLV is lower than the assumed cost of land, there will be no incentive for development and the site will remain 'as is'.

Where sites are indicated to be feasible to develop, the inclusion of affordable housing contributions at 3% is made. Previous work by Atlas in 2020/21 tested the inclusion of affordable housing contributions at 3%.

MIXED USE DEVELOPMENT

The Master Plan envisages mixed use development in the E1 zone in and around the core, along and off Beamish Street, generally within 400m of the train station. Mixed use development is also envisaged around the intersection of Beamish Street with Old Canterbury Road. Densities (height and FSR) vary and a uniform requirement for non-residential FSR 0.9:1 is applied in the E1 zone.

FIGURE 3-2 shows that depending on the cost of land (which is influenced by the existing commercial buildings), development can be feasible to undertake (i.e. where the RLVs exceed the cost of land and target hurdle rates are met). When affordable housing contributions at 3% are made, the RLVs decline and in most instances, development is no longer feasible.



FIGURE 3-2: Feasibility of Mixed-use Development (0% and 3% Affordable Housing)

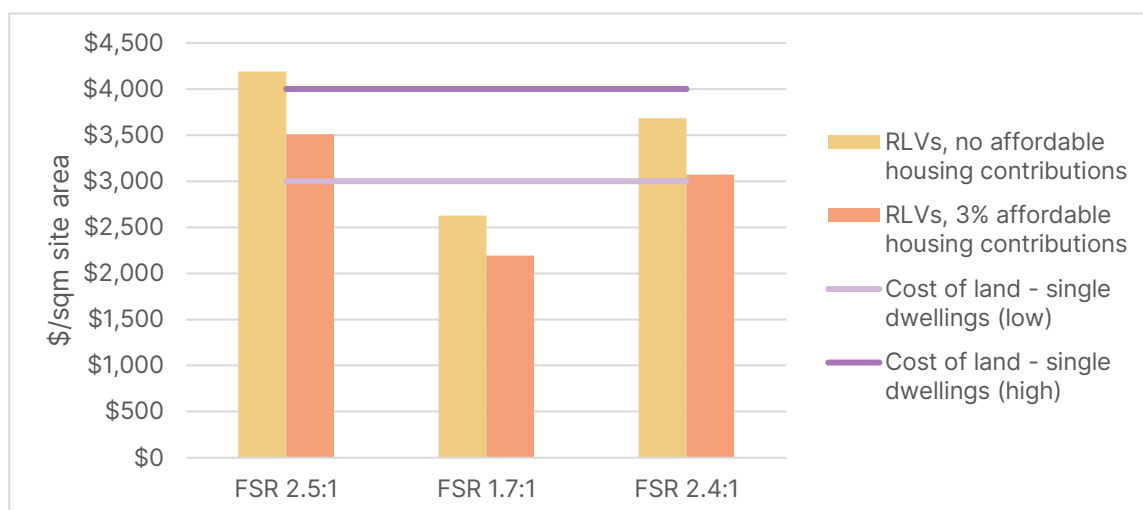


Source: Atlas

RESIDENTIAL FLAT BUILDINGS

Residential flat buildings are proposed to be permitted to greater densities in the R4 High Density Residential zone. The cost of land is in most cases underpinned by the cost to consolidate existing residential buildings in a development site.

FIGURE 3-3: Feasibility of Residential Flat Buildings (0% and 3% Affordable Housing)



Source: Atlas

Even though the cost to consolidate single dwellings is lower than existing commercial buildings (on a \$/sqm of site area basis), the feasibility of development is nevertheless still challenging due to the strong price growth experienced by single dwellings in recent years (as previously illustrated in section 2.3).

As FIGURE 3-3 shows, where the cost of land is at the lower end of the range (\$3,000/sqm of overall improved site area) development is 'just feasible' at higher densities. At 3% affordable housing contributions, the RLVs decline and development is no longer feasible.

3.2.3 Observations

The inclusion of various Affordable Housing contributions rates has been iteratively tested to understand the capacity for development to contribute to Affordable Housing.

Principally, if the RLV is less than the cost of land (with or without Affordable Housing contributions), development will not occur. For Affordable Housing contributions to be made, feasibility testing must show that the RLV is greater than the cost of land after the contributions have been included.

TABLE 3-2 summarises the results of the feasibility testing for shop top housing and residential flat buildings (RFB). The development types are tested on a selection of sites intended to represent a range of densities proposed.



TABLE 3-2: Tolerance to Affordable Housing Contributions

TYPE	SITE	STREET/ LOCATION	TESTED FSR	0% AH	2% AH	3% AH
Shop top Housing	1	Anglo St	3.2:1	Feasible	Feasible	Feasible
	2	Beamish St	4.9:1	Not Feasible	Not Feasible	Not Feasible
	3	London St/North Pde	6.0:1	Feasible	Feasible	Feasible
	4	Fletcher St	3.9:1	Not Feasible	Not Feasible	Not Feasible
	5	Old Canterbury Rd	4.75:1	Feasible	Feasible	Not Feasible
RFB	6	Harold St	2.5:1	Not Feasible	Not Feasible	Not Feasible
	7	Byron St	1.7:1	Marginal	Not Feasible	Not Feasible
	8	Cowper St	2.4:1	Not Feasible	Not Feasible	Not Feasible

Source: Atlas Economics

Results indicate that capacity for development to contribute to Affordable Housing varies across the Centre.

- Generally, all things being equal, sites that benefit from greater planning uplift (increased FSR) have better prospects for development feasibility and tolerance for affordable housing contributions. This is however not true all of the time. For example, residential flat buildings at FSR 2.4:1 and 2.5:1 are shown not feasible, compared to a lower density of FSR 1.7:1. This is primarily driven by how valuable the existing buildings are, despite the higher densities of FSR 2.4:1 and 2.5:1.
- Sites with significant planning uplift are located closer to the commercial core of Campsie and are characterised by smaller lot patterns. Higher FSR would be required on smaller, fine grain sites to enable development feasibility **and** a contribution to Affordable Housing.
- Sites in the northern part of the Centre (toward the Cooks River) are characterised by lot patterns with larger site areas (>600sqm) and are proposed at higher FSR. Where a development site can be consolidated at an economic price, there is some capacity to contribute to Affordable Housing.

The key determinant of development feasibility and capacity for affordable housing contributions is the **cost of land**.

The cost of land is a function of its existing use (which could be retail strip, commercial, single dwelling or residential unit block). In the Centre, the Master Plan envisages mixed use development densities of FSR 2:1 to 6.5:1. There is not necessarily a relationship between proposed density and development feasibility. This is because existing uses (and therefore the cost of land) do not bear correlation to where higher density is proposed.

In some instances, proposed density is insufficient to displace the existing uses, i.e. the RLVs do not exceed the assumed cost of land. In those circumstances, development will not be feasible and the sites will likely remain 'as is'. If development is not feasible, there is no capacity for development to make affordable housing contributions.

Feasibility analysis shows that under current market conditions, the feasibility of development in Campsie is mixed. If a 'blanket' 3% Affordable Housing contribution were to be required immediately (on gazettal of the planning controls), greater planning uplift is required. Notwithstanding, the analysis indicates a small number of sites with greater capacity to contribute.

Where the capacity to contribute is challenged, a phasing-in of contributions over several years could assist to mitigate impact to development feasibility. The next section examines the utility of a gradual phasing-in of affordable housing contributions.

3.3 Phasing-in of Affordable Housing Contributions

In this section, the gradual implementation of affordable housing rates is tested to examine if natural market growth can assist with mitigation of impact. Revenue levels are assumed to be flat in 2025 (recognising the current economic headwinds and inflationary cost environment). In 2026 onwards a modest 1% per annum growth in revenue (net of cost) is assumed, considered to be a conservative assumption given the expected completion and opening of the Campsie metro station by 2026.

Assuming a gradual introduction of rates over four years, TABLE 3-3 shows the tolerance of development to affordable housing contributions. A uniform pattern of introduction over four years is tested, following gazettal as follows:



- Year 1 (0-12 months) - 25%
- Year 2 (12-24 months) - 50%
- Year 3 (24-36 months) - 75%
- Year 4 (36-48 months) - 100% (full implementation)

On full implementation, a 3% affordable housing contribution rate would apply to land where residential uses are permitted and FSR is greater than 1.6:1. An exception could be applied to two sites (on Anglo Street and London St/ North Parade) where a higher 4% rate would apply. This follows the testing results which indicate these sites have a greater capacity to contribute to affordable housing.

TABLE 3-3: Tolerance to Affordable Housing Contributions, Phased-in

TYPE	SITE	STREET/ LOCATION	FSR	%	YEAR 1 (25%)	YEAR 2 (50%)	YEAR 3 (75%)	YEAR 4 (100%)
Shop top Housing	1	Anglo St	3.2:1	4%	Feasible	Feasible	Feasible	Feasible
	2	Beamish St	4.9:1	3%	Not Feasible	Not Feasible	Not Feasible	Not Feasible
	3	London St/North Pde	6.0:1	4%	Feasible	Feasible	Feasible	Feasible
	4	Fletcher St	3.9:1	3%	Not Feasible	Marginal	Feasible	Feasible
	5	Old Canterbury Rd	4.75:1	3%	Feasible	Feasible	Feasible	Feasible
RFB	6	Harold St	2.5:1	3%	Not Feasible	Not Feasible	Not Feasible	Marginal
	7	Byron St	1.7:1	3%	Marginal	Feasible	Feasible	Feasible
	8	Cowper St	2.4:1	3%	Not Feasible	Not Feasible	Not Feasible	Not Feasible

Source: Atlas Economics

The testing shows that where development feasibility may be marginal or not feasible (by a small factor), natural market growth can assist with feasibility. However, in circumstances where development is not feasible (by a significant factor), natural market growth is insufficient to be of assistance.

The objective of a gradual implementation would be to mitigate adverse feasibility impact. It allows:

- Sites already purchased to be progressed for development and those in the pipeline to be delivered.
- Market participants to factor-in the new Affordable Housing charges in their due diligence and purchase negotiations.
- Development momentum that is building in certain markets to continue.

As with all contributions policy, landowner expectations and market behaviour adjust over time. Though, in established urban areas like Campsie, property values will only adjust to the extent of their existing use. That is, if a 3% affordable housing contribution results in a residual land value that is lower than the existing-use value (as a single dwelling or commercial building), there would be no incentive for development to displace the existing use.

Implementation that provides clear notice to the market will ensure any adverse impact to future investment can be mitigated as far as possible. The impact testing shows that gradual staging of the new contributions is critical.

In a buoyant market, competition for development opportunities is keen. In a rising market, developers are generally more willing to pay premiums for sites in anticipation that rising end sale values will help offset the cost of land. As the feasibility testing shows, rising end sale values (a result of natural market cycles) can help to offset the impact of the new charges.

In a flat/ softening market, willingness to pay increased contributions will be lower, which underscores the importance of advance notice, enabling appropriate pricing for site consolidation.



3.4 Potential Affordable Housing Outcomes

3.4.1 Theoretical Outcomes

The theoretical supply of Affordable Housing enabled by the Master Plan can be estimated from a review of the quantum of theoretical residential floorspace capacity in the Centre.

Theoretical capacity is not the same as housing that is delivered. It is worth distinguishing theoretical capacity from market capacity of residential floorspace.

- **Theoretical capacity** refers to the permissibility of land for development. Land has theoretical capacity for development if it is permissible under the planning framework. Theoretical capacity is not the same as market capacity.
- **Market capacity** refers to the deliverability of theoretical capacity. Market capacity is determined by market-based factors including market demand and development feasibility. Existing-uses values, pricing levels and construction costs collectively influence the feasibility of development and consequently the likelihood of market take-up of theoretical capacity.

The Master Plan provides for a theoretical capacity for 6,360 dwellings. In established urban areas where lot and ownership patterns are fragmented, housing that is delivered will be less than its theoretical capacity.

At a fully implemented affordable housing contribution rate of 3%, Affordable Housing outcomes would in theory be 190 dwellings (being 3% of 6,360 theoretical dwellings).

This however does not consider:

- The gradual introduction of affordable housing over four years (as illustrated in section 3.3).
- Not all theoretical capacity will be developed.

The next section considers potential scenarios under which affordable housing outcomes could materialise.

3.4.2 Potential Scenario Outcomes

The Study acknowledges that owing to its nature as an established urban area, not all the theoretical floorspace capacity in the Centre will be developed. To estimate the quantum of affordable housing which could be delivered, it is therefore necessary to estimate a potential development response to the Master Plan.

For the purposes of estimating potential Affordable Housing outcomes (over a 16-year period from 2025-2041), two scenarios are considered to assume varying average annual take-up rates in the Town Centre:

- **DPHI Projections**
 - DPHI's Implied Dwelling Demand projections indicate demand for nearly 900 dwellings over the 16-year period.
 - This is equivalent to an average annual take-up of 56 dwellings to 2041.
- **Alternate Take-up**
 - Historically, Campsie (suburb) averaged annual dwelling growth of between 200 and 350 dwellings (2011-2021).
 - While the Master Plan enables the capacity for 6,360 dwellings, for reasons indicated, not all its capacity will be developed.
 - A potential development outcome could fall between 200 and 350 dwellings per annum.

The Study highlights the above scenarios *are not* projections of development take-up but potential scenarios under which Affordable Housing outcomes could result. The delivery of Affordable Housing outcomes is subject to the take-up of capacity in the Master Plan.

TABLE 3-4 estimates potential affordable housing outcomes under the different scenarios.



TABLE 3-4: Potential Affordable Housing Outcomes

SCENARIO		YEAR 1	YEAR 2	YEAR 3	YEAR 4+	2025-2041
AFFORDABLE HOUSING CONTRIBUTIONS						
Phasing-in	(a)	25%	50%	75%	100%	
Affordable Housing rates (on residential GFA)						
Where FSR > 1.6:1	(b) = (3% x a)	0.75%	1.5%	2.25%	3.0%	
Anglo St and London St/North Pde sites	(c) = (4% x a)	1.0%	2.0%	3.0%	4.0%	
SCENARIO 1 (DPHI PROJECTIONS)						
Dwellings	(d)	52	92	45	804	994
Potential Affordable Housing*	(e) = (d x b)	0.7	0.7	1.9	21.6	24.8
SCENARIO 2 (ALTERNATE TAKE-UP)						
Dwellings (200 per annum)	(f)	200	200	200	2,600	3,200
Potential Affordable Housing*	(g) = (f x b)	1.5	3.0	4.5	78.0	87.0
Dwellings (350 per annum)	(h)	350	350	350	4,550	5,600
Potential Affordable Housing*	(i) = (h x b)	2.6	5.3	7.9	136.5	152.3

Source: Atlas

*potential outcomes are indicated as fractions (not round numbers) and could represent monetary contributions that Council receives (equivalent to more or less than a whole dwelling)

Under the scenarios explored, potential affordable housing outcomes vary significantly according to take-up. At a modest take-up of dwellings in the Centre (using DPHI's population projections) potential affordable housing outcomes are equivalent to approx. 25 dwellings (to 2041).

At higher take-up rates (at the bookends of historical growth), potential affordable housing outcomes are between 87 and 152 dwellings (to 2041). Given the feasibility challenges (as outlined in section 2.3) the Study considers it unlikely that the Master Plan's theoretical capacity would be developed at the pace of an average annual rate of 350 dwellings.

A more likely scenario would be one that falls between Scenario 1 (DPHI's population projections) and the historical low rate of 200 dwellings per annum. This would result in a potential affordable housing outcome of 25 to 87 dwellings (to 2041), which in many cases would be expected to be less than a whole dwelling. The (now made) clause 6.38 in the LEP enables Council to collect an equivalent monetary contribution, representing the market value of dwellings.

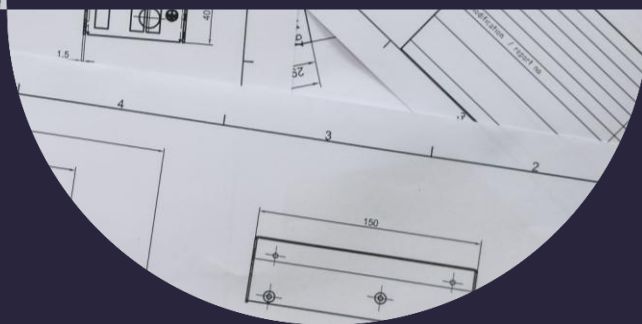
In summary, the Master Plan provides the theoretical capacity for 190 Affordable Housing dwellings (being 3% of 6,360 dwellings, noting that the 3% contribution will be progressively phased in over time). However as not all development potential under the Master Plan will be taken up over the coming years to 2041, it is anticipated that between **25 to 87 Affordable Housing** dwellings could be delivered by 2041.

The next chapter examines policy considerations in the context of clause 6.38.



4

Policy Considerations



Beyond the
horizon thinking.

Campsie Town Centre

4.1 LEP Clause 6.38

In November 2024 clause 6.38 was inserted in the LEP, coinciding with the rezoning of Bankstown TOD (transport orientated development). Clause 6.38(7) enables an affordable housing contribution requirement to be satisfied by:

- (a) Dedication to Council or one or more dwellings (each having a GFA of at least 50sqm), and a monetary contribution paid to Council for any remainder; or
- (b) A monetary contribution paid to Council of equivalent value.

In the Bankstown TOD area, affordable housing contribution rates range from 3% to 10% of residential GFA.

In May 2025, affordable housing contribution requirements were inserted into clause 6.38 to apply to land in Canterbury. More specifically, clause 6.38(6A) specifies application of the following rates:

- (a) After 16 May 2025 and before 16 May 2026 - 1% of residential GFA.
- (b) After 16 May 2026 and before 16 May 2027 - 2% of residential GFA.
- (c) After 16 May 2027 - the percentage as shown in the Affordable Housing Map (i.e. 3% of residential GFA).

The recommended phasing-in of affordable housing rates over a four-year period would similarly be inserted in clause 6.38, enabling Council to require and receive affordable housing in the form of monetary contributions.

4.2 Enabling Affordable Housing

Affordable Housing contributions have varying impact on feasibility. Impact varies by whether development is in the first instance feasible. In an established centre such as Campsie, development feasibility is principally influenced by the likely cost of land (which is underpinned by the value of existing-uses and any premium required to incentivise sale).

In a flat/ softening market, the market's willingness to pay affordable housing contributions will be lower, which underscores the importance of advance notice, ensuring developers pay an appropriate price for land when they undertake site consolidation. Atlas considers the following issues important to the implementation of Affordable Housing contribution rates.

MITIGATING IMPACT

The Study shows that sites in the Centre have a varying capacity to contribute to affordable housing. Feasibility testing shows that if affordable housing rates (3%) were implemented immediately, development feasibility would generally be undermined.

Given the varying capacity of the sites in the Town Centre to contribute, the Study recommends a gradual phasing-in of rates. This would assist sites that are marginal to be feasible and contribute to affordable housing.

VARYING CAPACITY TO CONTRIBUTE

While sites that are the recipient of greater planning uplift are more valuable development opportunities, the proposed densities do not always result in feasible development (owing to valuable existing uses).

The increase in land value associated with planning uplift provides scope for affordable housing contributions to be made. The Study recommends a uniform rate (3% on full implementation) applies to land permitted for residential uses greater than FSR 1.6:1.

The Study recommends a higher rate (4% on full implementation) applies to two sites in the Centre - Anglo Street (RSL Club) and London Street/ North Parade.

The Study recommends no affordable housing contribution rates apply to areas proposed for FSR 1.6:1 and lower to encourage the development of diverse housing forms. Development feasibility is generally poor, and by not requiring an affordable housing contribution, the sites that are feasible to develop will enable greater housing diversity in the Centre.



PHASING-IN AND NOTICE TO THE MARKET

Clear and definitive notice for new contributions and their phasing-in will be critical for managing impact on feasibility. Sites already purchased can be progressed for development and sites yet to be acquired can be purchased at prices that allow for the contributions.

Advance notice to the market of Affordable Housing contributions would provide certainty for investment and development planning. This enable parties to be informed and make informed decisions on site purchase. Over time, market dynamics will adjust as the market accounts for the cost of the contributions.

4.3 Recommendations

The Study makes the following recommendations:

- Affordable Housing contributions of 3% (on full implementation) are applicable to residential GFA in development at >FSR 1.6:1.
- Affordable Housing at 4% (on full implementation) are applicable to two sites (Anglo Street and London Street/ North Parade).
- Phasing-in of contributions as follows:
 - Year 1 (0-12 months) - 25%
 - Year 2 (12-24 months) - 50%
 - Year 3 (24-36 months) - 75%
 - Year 4 (36-48 months) - 100% (full implementation)

As with all contributions policy, landowner expectations and market behaviour adjust over time. Implementation that provides clear notice to the market will ensure any adverse impact to future investment can be mitigated as far as possible.



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Schedules



Beyond the
horizon thinking.

Campsie Town Centre

SCHEDULE 1

Generic Feasibility Assumptions

Notional Development Yields

Notional development scenarios are prepared for the purposes of testing the feasibility of the sites selected and their capacity for affordable housing contributions (if any), as shown in TABLE S1-1 and TABLE S1-2.

TABLE S1-1: Mixed Use Development

DEVELOPMENT TYPE	TOTAL FSR	MIN. NON-RESIDENTIAL FSR	RESIDENTIAL FSR
MIXED USE DEVELOPMENT (SHOP TOP HOUSING)	3.2:1	0.9:1	2.3:1
	4.9:1	0.9:1	4.0:1
	6.0:1	0.9:1	5.1:1
	3.9:1	0.9:1	3.0:1
	4.75:1	0.9:1	3.85:1

Source: Atlas

TABLE S1-2: Residential Development

DEVELOPMENT TYPE	TOTAL FSR
RESIDENTIAL BUILDINGS FLAT	2.5:1
	1.7:1
	2.4:1

Source: Atlas

Project Timing

Pre-construction design is progressed immediately upon settlement. Design and development approval is assumed to commence from Month 3 and span between 6-12 months.

Demolition and site works are assumed to commence immediately after development approval. Construction is presumed to span between 18-24 months depending on scale of project.

Revenue Assumptions

Average end sale values are adopted based on market research and analysis and an adopted unit mix of:

- 1-bedroom units: 20%.
- 2-bedroom units: 50%.
- 3-bedroom units: 30%.

Average residential end sale values adopted are:

- 1-bedroom: \$660,000 to \$715,000 (\$12,000/sqm to \$13,000/sqm)
- 2-bedroom: \$862,500 to \$937,500/sqm (\$11,500/sqm to \$12,500/sqm)
- 3-bedroom: \$1,150,000 to \$1,250,000 (\$11,500/sqm to \$12,500/sqm)

Other revenue assumptions:

- GST is included on the residential sales.
- Transaction costs of 5.5% on land purchase cost.
- Selling costs of 2.5% of gross revenue.



Cost Assumptions

Cost assumptions are adopted based on cost publications and professional experience.

- Demolition at \$100/sqm estimated building area.
- Residential construction at \$4,500/sqm to \$5,500/sqm GBA (which is grossed up from GFA at 115%).
- Balconies are assumed at \$1,000/sqm.
- Basement car parking at \$70,000 per car space.
- Construction contingency at 5%.
- Professional fees and application fees at 10% of construction costs.
- Statutory fees:
 - DA fees of 1.0% of construction costs.
 - CC fees of 0.5% of construction costs.
 - Long service levy of 0.25% of construction costs.
 - s7.11 contributions based on Council's 2024-25 fees and charges.
 - Housing and Productivity contributions at \$10,000/dwelling.
 - Water infrastructure charges at \$4,009/ET from July 2026. This is assumed to be equivalent to \$3,207/apartment, based on a unit conversion rate of 1 ET per 0.8 apartments.
- Finance costs:
 - 100% debt funding at interest capitalised monthly at 7% per annum.
 - Establishment costs at 0.35% of peak debt.

Hurdle Rates and Performance Indicators

Target hurdle rates are dependent on the perceived risk associated with a project (planning, market, financial and construction risk). The more risk associated with a project, the higher the hurdle rate.

The key hurdle rate assumed for the feasibility modelling is the profit and risk margin at 18%.

If the resulting profit is sufficient to meet the target profit margin, the development is considered financially feasible.





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