

DURAL ECONOMIC NEEDS ASSESSMENT

614, 618 & 626 Old Northern Road and
21 & 27 Derriwong Road, Dural

Prepared for Legacy Property
August 2025

COVID-19 AND THE POTENTIAL IMPACT ON DATA INFORMATION

The data and information that informs and supports our opinions, estimates, surveys, forecasts, projections, conclusion, judgments, assumptions and recommendations contained in this report (Report Content) are predominantly generated over long periods, and is reflective of the circumstances applying in the past. Significant economic, health and other local and world events can, however, take a period of time for the market to absorb and to be reflected in such data and information. In many instances a change in market thinking and actual market conditions as at the date of this report may not be reflected in the data and information used to support the Report Content.

The recent international outbreak of the Novel Coronavirus (COVID-19), which the World Health Organisation declared a global health emergency in January 2020 and pandemic on 11 March 2020, has and continues to cause considerable business uncertainty which in turn materially impacts market conditions and the Australian and world economies more broadly.

The uncertainty has and is continuing to impact the Australian real estate market and business operations. The full extent of the impact on the real estate market and more broadly on the Australian economy and how long that impact will last is not known and it is not possible to accurately and definitively predict. Some business sectors, such as the retail, hotel and tourism sectors, have reported material impacts on trading performance. For example, Shopping Centre operators are reporting material reductions in foot traffic numbers, particularly in centres that ordinarily experience a high proportion of international visitors.

The data and information that informs and supports the Report Content is current as at the date of this report and (unless otherwise specifically stated in the Report) does not necessarily reflect the full impact of the COVID-19 Outbreak on the Australian economy,

the asset(s) and any associated business operations to which the report relates. It is not possible to ascertain with certainty at this time how the market and the Australian economy more broadly will respond to this unprecedented event and the various programs and initiatives governments have adopted in attempting to address its impact. It is possible that the market conditions applying to the asset(s) and any associated business operations to which the report relates and the business sector to which they belong has been, and may be further, materially impacted by the COVID-19 Outbreak within a short space of time and that it will have a longer lasting impact than we have assumed. Clearly, the COVID-19 Outbreak is an important risk factor you must carefully consider when relying on the report and the Report Content.

Where we have sought to address the impact of the COVID-19 Outbreak in the Report, we have had to make estimates, assumptions, conclusions and judgements that (unless otherwise specifically stated in the Report) are not directly supported by available and reliable data and information. Any Report Content addressing the impact of the COVID-19 Outbreak on the asset(s) and any associated business operations to which the report relates or the Australian economy more broadly is (unless otherwise specifically stated in the Report) unsupported by specific and reliable data and information and must not be relied on.

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This report is dated **August 2025** and incorporates information and events up to that date only and excludes any information arising, or event occurring, after that date which may affect the validity of Urbis Ltd's (Urbis) opinion in this report. Urbis prepared this report on the instructions, and for the benefit only, of **Legacy Property** (Instructing Party) for the purpose of a **Dural Economic Needs Assessment** (Purpose) and not for any other purpose or use. Urbis expressly disclaims any liability to the Instructing Party who relies or purports to rely on this report for any purpose other than the Purpose and to any party other than the Instructing Party who relies or purports to rely on this report for any purpose whatsoever (including the Purpose).

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All surveys, forecasts, projections and recommendations contained in or made in relation to or associated with this report are made in good faith and on the basis of information supplied to Urbis at the date of this report. Achievement of the projections and budgets set out in this report will depend, among other things, on the actions of others over which Urbis has no control.

Urbis acknowledges the important contribution that Aboriginal and Torres Strait Islander people make in creating a strong and vibrant Australian society.

We acknowledge, in each of our offices, the Traditional Owners on whose land we stand.

Urbis has made all reasonable inquiries that it believes is necessary in preparing this report but it cannot be certain that all information material to the preparation of this report has been provided to it as there may be information that is not publicly available at the time of its inquiry.

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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

PROJECT BACKGROUND

Urbis Pty Ltd (Urbis) has been commissioned by Legacy Property to undertake an analysis of the suitability of 614, 618 & 626 Old Northern Road and 21 & 27 Derriwong Road, Dural (subject site) for residential development. This analysis assesses the supportability of the planning proposal to change the current transition zone (RU6) zoning of the subject site to low-density residential (R2) in order to gain approval for a proposed 110 residential lot subdivision.

The proposed residential lot subdivision is expected to comprise lots of the following size ranges:

- Standard Lot (average 600 sq.m): 92 lots
- Medium Lot (average 1,000 sq.m): 17 lots
- Large Lot (average 2,000 sq.m): 1 lot

SUBJECT SITE AND LOCAL CONTEXT

- The subject site is in Dural within the eastern boundary of The Hills Shire LGA. It consists of five adjoining land parcels which cover an area of 12.7 hectares, including:
 - 614 Old Northern Road, Dural
 - 618 Old Northern Road, Dural
 - 626 Old Northern Road, Dural
 - 21 Derriwong Road, Dural
 - 27 Derriwong Road, Dural.
- The subject site is within 500m of Dural Village shopping centre, and 2km of Dural Mall shopping centre and Dural industrial precinct.
- The subject site enjoys direct access to bus services on the Northern Road with the Castle Hill and Cherrybrook train stations around a 10-15 minute drive.

AGRICULTURE SUITABILITY ASSESSMENT

Key findings from the agricultural suitability assessment include:

- The subject site is relatively small in scale for agriculture at 12.7 hectares.
- The historic agricultural use of the subject site was as a peach orchard, which ceased operation in mid-2014.
- Topography and slope maps of the subject site (Maps 2.01 and 2.02) show that the subject site does not have a uniform slope (with some slopes over a 20% gradient), while also comprising strong crossfall ridgelines. When compared to other adjacent landholdings, the subject site has the most significant crossfalls and as such stands out as a site not suitable for agricultural production.
- When assessed against the NSW land classifications the subject site does not uniformly fit into Classes 1 to 3, which are the more suitable classes for agricultural uses. It instead mostly aligns with Class 4 which fits into the broader category of land not being capable of being regularly cultivated.
- The potential gross margins per hectare (GM/Ha) of the subject site (as per the NSW DPI) indicate the potential agriculture uses on the subject site (which are at the lower range of indicative gross margins) are not financially sustainable.
- The subject site is directly adjacent to Dural Public School with recommended barriers between most agricultural operations and adjacent uses representing a barrier to agricultural uses.
- Other key barriers include climate change (rising temperatures and lower rainfall) and the protected vegetation of surrounding landholdings preventing the possibility of the site expanding its size to a larger size more suitable for agriculture production.

Despite the loss of agricultural farm land, the rezoning of the subject site for residential subdivision and development is justified as future agricultural land uses are unlikely to generate a sufficient return to warrant future investment in agricultural enterprises on the site.

EXECUTIVE SUMMARY

RESIDENTIAL MARKET ASSESSMENT

Key findings from the residential market assessment include:

- The subject site scores either moderate or strong against the five identified drivers of residential demand including access to amenities, employment, transport and infrastructure, population growth and competing supply.
- When assessing the supportability of the proposed 110 lot residential development at the subject site we have defined a catchment which reflects the boundary of The Hills Shire LGA.
- The catchment is expected to have strong average population growth of 2.8% p.a. from around 201,830 residents in FY23 to 289,469 residents by FY36. This strong growth will largely be driven by several greenfield release areas and station precincts (around the new metro station) throughout the catchment.
- There is also expected to be a high share of couple families with children (around 50%) of the next 15 years, who are considered a key market for homes offered within residential subdivision projects.
- Average annual separate house completions and approvals since FY17 of 1,390 and 1,680 respectively have indicated strong historical demand for houses within the catchment.
- There is a strong supply pipeline of 2,819 lots across 50 residential subdivision projects in the catchment. With most of these projects clustered in the greenfield release areas around Box Hill and North Kellyville, the proposed development would present a unique offer in the market.
- The Hills Shire LGA Housing Strategy (2019) anticipates that the greenfield release areas will have a dwelling completion rate of around 1,400 dwellings per year over the next five years before slowing down to an average of 550 per year the following five years.
- We profiled four residential lot developments that are either currently selling or sold out which share similar locational characteristics to the subject site (located in the NW Sydney region). These projects have all achieved strong take-up rates ranging from 5 to 13 lots per month, indicating strong demand for residential lot developments in the area.
- The historical sales of residential lots (between 200 sq.m and 4,000 sq.m) within the catchment also indicates strong take up with an average of around 1,100 sales per year from FY17 to FY23.

- Covid-19 had a positive impact on demand with the average lot price increasing from \$527,750 in FY20 to \$786,600 by FY22. Although, Median sales saw a 15% decline in FY23. This was a correction after the significant growth in FY22 due to interest rates and affordability pressures.
- We have assessed the future demand for residential lots at the subject site as per our approach shown in Table 3.5.2. We forecast that the subject site could achieve a take-up of around 56 to 65 lots per year from FY26.

The proposed 110 lot subdivision at the subject site is supported by the market with the larger lots to fill a gap in the market for larger residential lots for local families.

ECONOMIC BENEFITS

The proposed development will drive economic benefits for the local economy including:

- The indicative project expenditure of around \$143 million (inclusive of GST) over four years is expected to support 67 direct jobs (mainly construction workers) and 98 indirect jobs (supply-chain). It would also generate a total Gross Value Added (GVA) of around \$105.2 million.
- The estimated 341 additional residents from the proposed 110 lots is projected to bring an additional \$5.84 million per annum of retail spending to the economy.
- These retail spending benefits will benefit the nearby Dural Village and Dural Mall shopping centres (and their surrounds) as well as other retail centres throughout the LGA in terms of both spending and vibrancy. More vibrant centres will help drive business investment in the LGA, which would in turn support even more ongoing jobs in the local economy.

INTRODUCTION

STUDY OBJECTIVES AND METHODOLOGY



INTRODUCTION

PROJECT BACKGROUND AND PURPOSE

Urbis Pty Ltd (Urbis) has been commissioned by Legacy Property to undertake an analysis of the suitability of their site located at 614, 618 & 626 Old Northern Road and 21 & 27 Derriwong Road, Dural (subject site) for residential development. This analysis assesses the supportability of the planning proposal to change the current transition zone (RU6) zoning of the subject site to low-density residential (R2) in order to gain approval for a proposed 110 residential lot subdivision.

The proposed residential lot subdivision is expected to comprise lots of the following size ranges:

- Standard Lot (average 600 sq.m): 92 lots
- Medium Lot (average 1,000 sq.m): 17 lots
- Large Lot (average 2,000 sq.m): 1 lot

In order to assess the supportability of this proposal our report is focused on:

- The suitability of the subject site for agricultural uses
- Market demand and supportability of the proposed residential lot development
- Economic benefits of the proposed development.

REPORT STRUCTURE

The analysis presented in this report is structured as follows:

- **Section 1: subject site Overview** outlines the subject site location and context
- **Section 2: Agriculture Suitability Assessment** assesses the suitability of the site for agricultural uses in terms of its characteristics, context and surrounding uses.
- **Section 3: Residential Market Assessment** analyses the demand drivers and supply context of the residential catchment (The Hills Shire LGA) and potential take-up of residential lots at the subject site.
- **Section 4: Economic Benefits** quantifies the positive economic impact the proposed development is expected to have on the local economy including jobs supported, gross value add and additional retail spending.

1.0

The background image shows a person's hands typing on a laptop keyboard. In the foreground, another hand holds a pen over a set of architectural drawings on a desk. The desk is cluttered with various items including a spiral-bound notebook, a pair of compasses, and a pen. The overall scene suggests a professional or academic setting, likely related to engineering or architecture.

SUBJECT SITE OVERVIEW

SUBJECT SITE OVERVIEW

Overview

- The subject site is in Dural within the eastern boundary of The Hills Shire LGA. It consists of five adjoining land parcels which cover an area of 12.7 hectares, including:
 - 614 Old Northern Road, Dural
 - 618 Old Northern Road, Dural
 - 626 Old Northern Road, Dural
 - 21 Derriwong Road, Dural
 - 27 Derriwong Road, Dural.
- The subject site has largely been cleared of natural vegetation and has relatively few structural improvements, including a small irrigation dam.
- The subject site has an eastern frontage to the Old Northern Road which experiences a considerable level of traffic as it provides the northern areas of The Hills Shire LGA with access to the M2 Motorway.
- The subject site also has an eastern and southern frontage to Derriwong Road, which experiences a relatively lower level of traffic.
- Dural Public School is adjacent to the subject site.
- Rural residential dwellings surrounding the subject site are typically sized around two hectares.
- Other nearby land uses included the Madison Function Centre and Dural Village to the north and Redfield College (independent boys school) to the east.
- Bus stops are directly adjacent to the subject site on Old Northern Road which provide public transport access to areas throughout The Hills Shire LGA.

subject site Context

Map 1.0.1



LOCAL CONTEXT

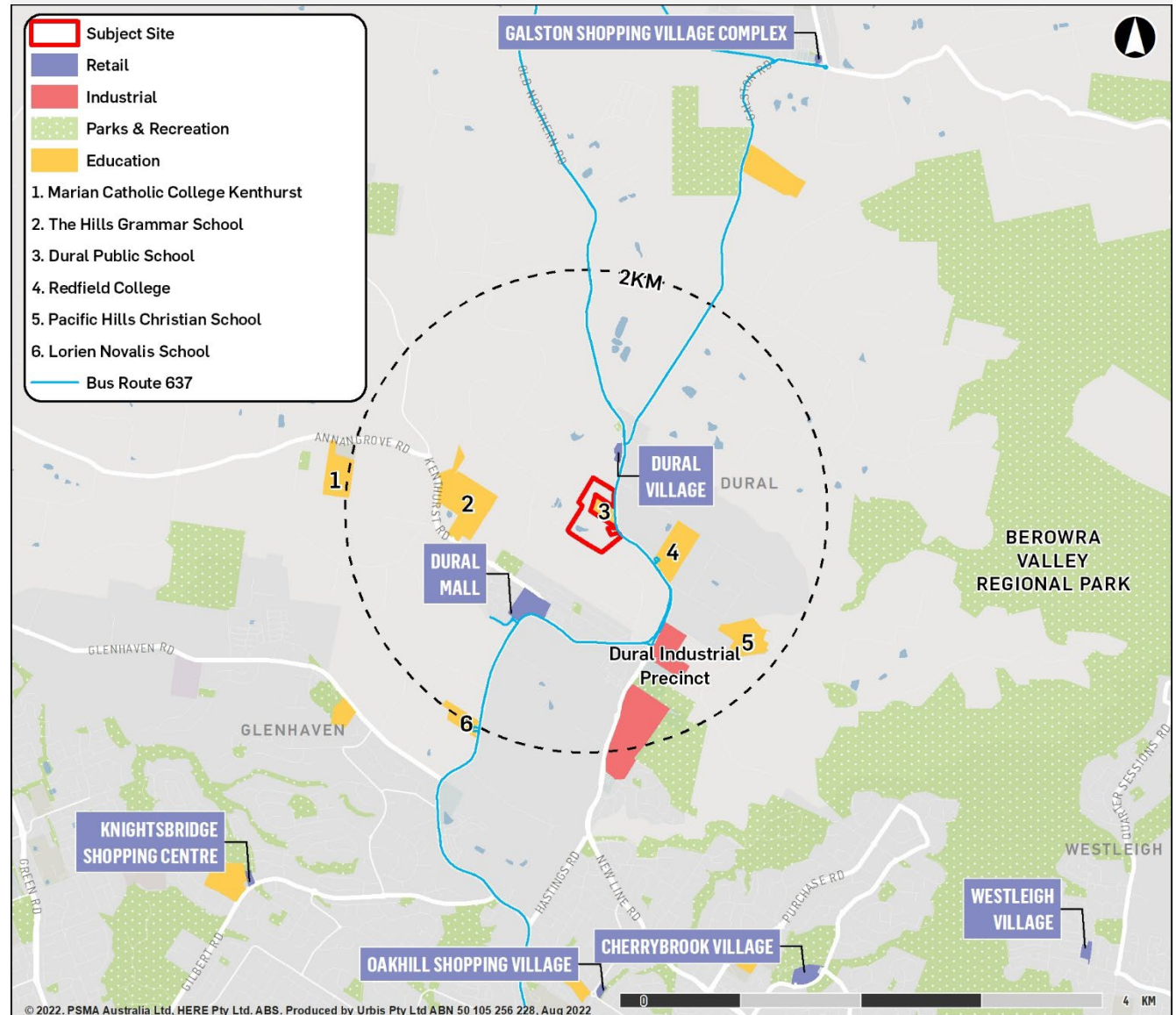
Overview

The subject site enjoys close proximity to several key services and amenities comprising:


- The Dural Village is a small village shopping centre within 500m north of the subject site. It consists of a small IGA supermarket and a few supporting retail specialties and town services which meet the convenience-based retail needs of local residents.
- Dural Mall (also known as Round Corner) is a larger shopping centre, which is situated a five minute drive south of the subject site. It has a full-line Woolworths and ALDI along with 28 specialty stores and services.
- Dural Industrial Precinct is the main employment area in close proximity to the subject site. It comprises a wide mix of uses including construction supply stores, bulky goods retail stores, medical centres, transport depots, wholesalers and fitness centres.
- There are also several schools in Dural and its surrounds including the adjacent Dural Public School. Other nearby schools include Redfield College and The Hills Grammar School.
- Bus stops directly adjacent to the subject site on the Old Northern Road which provide public transport access to the nearby shopping centres and schools. These bus routes also provide access to other destinations in The Hills Shire LGA including Castle Hill. The Castle Hill metro station and bus interchange provides both train and bus access to the Sydney CBD in around 45 minutes.
- Recreational amenity is provided by the nearby Berowra Valley National Park which features several walking paths and mountain biking paths.

Local Context

Map 1.0.2



2.0

A person is working at a desk. Their hands are on a laptop keyboard. Another hand is holding a pen over a document. The desk is covered with papers, a spiral notebook, a pen, and a compass. The background is dark and out of focus.

AGRICULTURE SUITABILITY ASSESSMENT

SUBJECT SITE TOPOGRAPHY

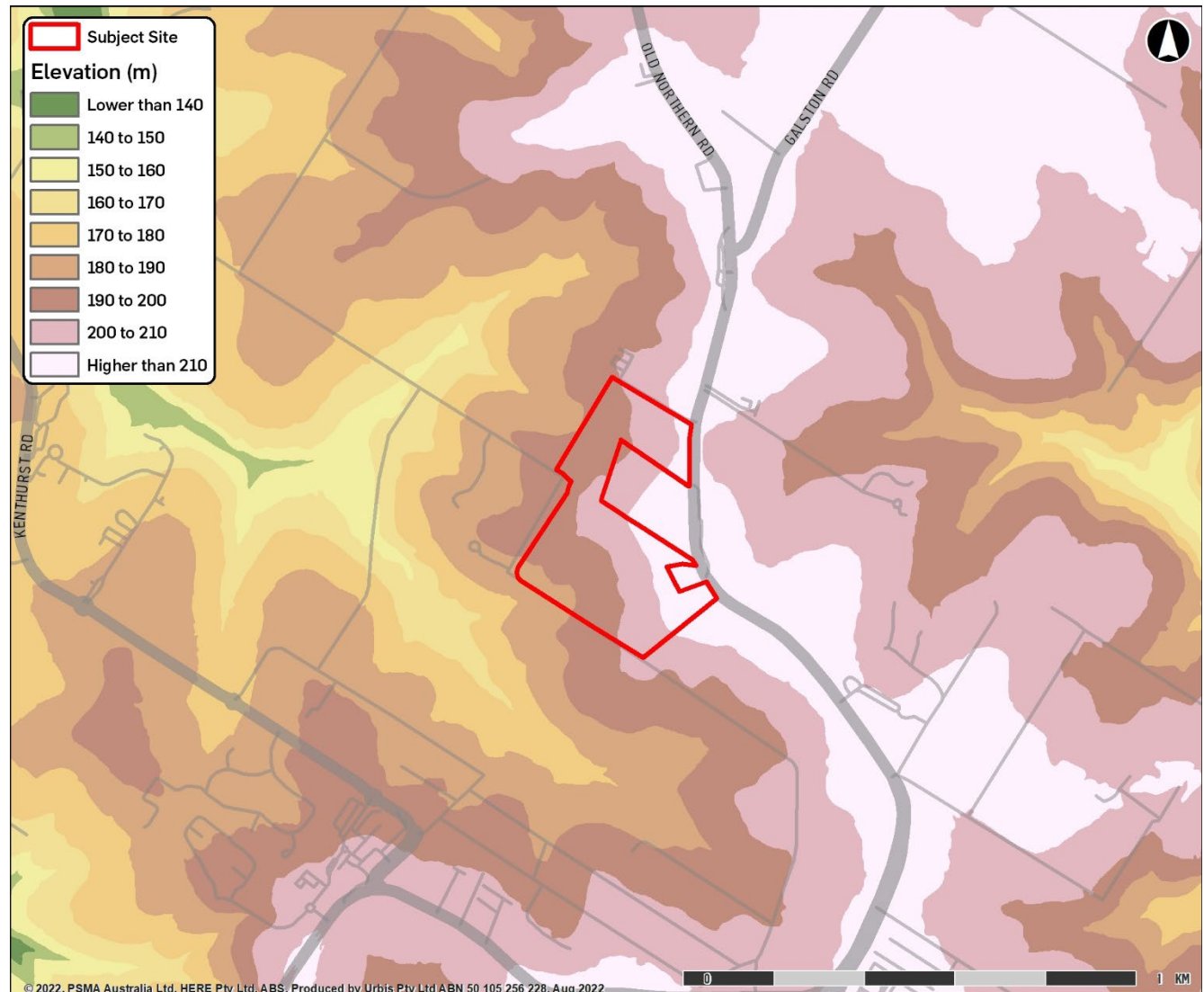
Key Findings

This section of the report features our agriculture land assessment for the subject site. The purpose of this assessment is to determine if the rezoning of the subject site to residential uses can be justified due to the subject sites existing permitted agricultural production uses no longer being viable. Key implications of the topography include:

- The historic agricultural use of the subject site was as a peach orchard which ceased operation in mid-2014.
- Map 2.0.1 shows the topography of the subject site and its immediate surrounds, showing that the subject site is characterised by an elevated ridge line along the Old Northern Road, with a cross fall to the west and south.
- Map 2.0.2, overleaf, illustrates the slope of the subject site which is shown to vary. Some areas have less than a 5% fall, while there is also significant portions with falls of more than 10% and small pockets which are over 20%.
- The topography and slope maps also show that compared to other land holdings adjacent to the immediate north and east, the subject site has more significant cross falls. This is relevant in assessing viability of the subject site relative to the nature of other lands used for primary production purposes in the area.

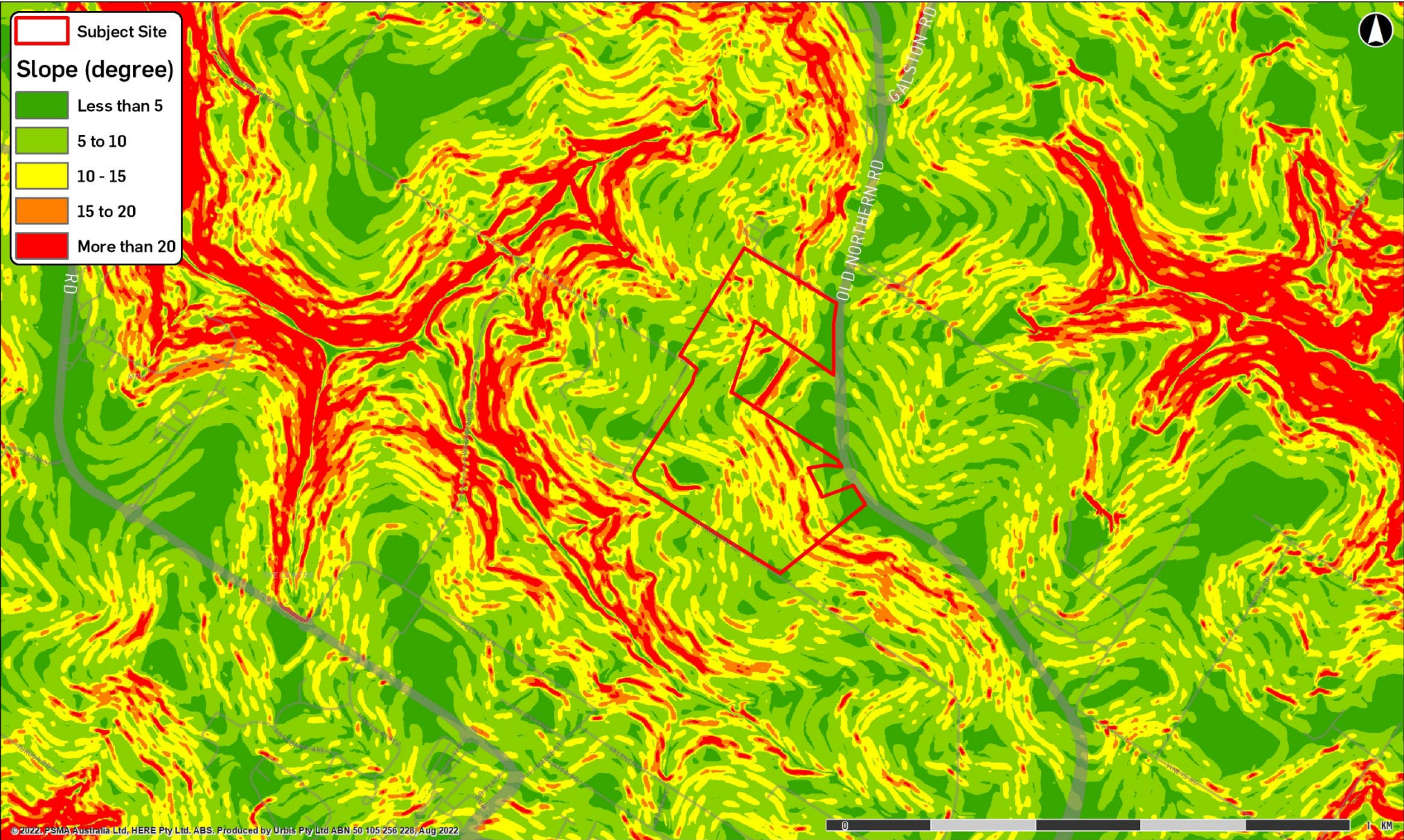
Subject Site Topography

Map 2.0.1



SUBJECT SITE SLOPE

Map 2.0.2



LAND CAPABILITY

Key Findings

- Land in NSW is commonly classified per its capability to remain stable under certain land uses. The 8-class classification is shown in Table 2.0.1.
- As the subject site does not fall uniformly into Categories 1 to 3, with significant portions of the site with a slope over 10%, it is more likely to fulfil a definition of Class 4 land, indicating that it is not capable of being regularly cultivated.
- It should be noted that the land capability class may not necessarily be associated with land suitability, especially for agricultural land uses that are less soil dependent (e.g. intensive animal industries such as chicken raising, greenhouses) or for permanent tree crops (e.g. horticulture and forestry).
- The slope on the subject sites will limit the nature of agricultural operations that could be considered. Based on the nature of the subject site and having regard to local and nearby rural land uses, the following rural land uses could be considered:
 - Fruit Orchard
 - Cattle Grazing
 - Horse Agistment.
- The agricultural uses that are located within Dural such as vegetable crop production, flower growing, turf farming and wholesale nursery operations require land included in Classes 1 to 3 that have a lower level of slope. As the subject site does not uniformly fit into Classes 1 to 3, these uses are not suitable for the subject site.

Land Capability

Table 2.0.1

BROAD CATEGORY	CLASS	DESCRIPTION
Land capable of being regularly cultivated Slope <10%	Class 1	No special soil conservation works or practices necessary.
	Class 2	Soil conservation practices such as strip cropping, conservation tillage and adequate crop rotation.
	Class 3	Structural soil conservation works such as diversion banks, graded banks and waterways, together with soil conservation practices in Class 2.
Land not capable of being regularly cultivated but suitable for grazing with occasional cultivation Slope 10% - 25%	Class 4	Soil conservation practices such as pasture improvement, stock control, application of fertiliser and minimal cultivation for the establishment or re-establishment of permanent pastures.
	Class 5	Structural soil conservation works such as absorption banks, diversion banks and contour ripping, together with the practices in Class 4.
Land not capable of being cultivated but suitable for grazing Slope >25%	Class 6	Soil conservation practices including limitation of stock, broadcasting of seed fertiliser.
No broad category	Class 7	Land best protected by green timber.
	Class 8	Cliffs, lakes or swamps and other land incapable of sustaining agricultural or pastoral production.

Source: Cunningham et al 1988

ECONOMIC CAPABILITY

Key Findings

- The economic value of agricultural land is often assessed as gross margin per hectare (GM/Ha) or similar unit of measurement that allows comparison between enterprises. GM/Ha is calculated as the total gross income from production less the direct costs of production associated with that enterprise. Whilst providing a broad guide, gross margins do not consider total overheads or running and financing an agricultural business.
- Furthermore, they do not consider the total return and critical mass required to generate a sustainable income based on the overall investment.
- Table 2.0.2 summarises the indicative gross margins for a selection of agricultural uses that have relevance to the Dural area. Gross margins are expressed as very low to high based on analysis of gross margins for agricultural enterprises undertaken by NSW Primary Industries (NSW DPI).
- For example, a beef cattle enterprise on improved pastures would have an indicative gross margin income of \$239/Ha at the upper end of the range as at April 2019. For the subject properties, that would produce a gross margin of \$3,035 per year for the 12.7 ha site. This is a 'low' gross margin that would require supplementary income from other sources to remain viable for a family working this land.
- As such, the operations on a site of just over 12 hectares is unlikely to be sufficient to support a viable agricultural enterprise. This is particularly the case for sites that are unable to engage in the highest returning enterprises such as greenhouse-based activities.

Gross Margins of Indicative Agricultural Enterprises

Table 2.0.2

AGRICULTURAL ENTERPRISE	INDICATIVE GROSS MARGIN
Horse Agistment	Very Low
Beef Cattle Grazing	Low
Dairy Cattle	Medium
Fruit / Nut Trees	Medium to High
Turf Farm	High
Vegetable Crops	High
Greenhouses (e.g. herbs and flower growing)	High
Poultry	High

Source: NSW DPI

SUITABILITY OF SURROUNDING LAND USES

Key Findings

- The nature of agricultural enterprises and the use of irrigation and spray chemicals can require that appropriate buffers are put in place to protect sensitive adjoining land uses. We note that the subject site wraps around Dural Public School.
- Recommended minimum buffer distances between residential areas and selected agricultural industries are shown in Table 2.0.3. These buffer distances are based on recommendations published in Living and Working in Rural Areas – A handbook for managing land use conflict issues on the NSW North Coast, 2007.
- As indicated, some of the recommended buffer distances would impact on the useable areas of the subject land for agricultural purposes. Particularly when considering that the Dural Public School is a highly sensitive land use, which has three frontages to the subject site.

Buffer Distances for Primary Industries and Relevant Areas Table 2.0.3

INDUSTRY	DISTANCE (METRES)
Grazing of Stock	50
Greenhouse and Controlled Environment Horticulture	200
Turf Farms	300
Dairy Sheds and Waste Storage	500
Poultry Sheds and Waste Storage	1,000

Source: Living and Working in Rural Areas (2007)

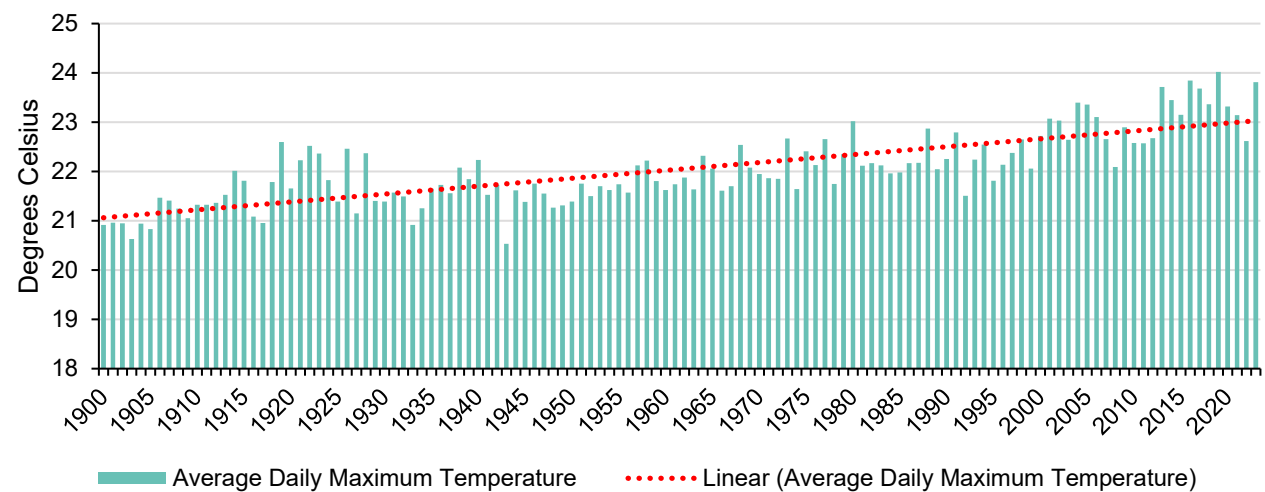
CLIMATE CHANGE IMPACTS

Key Findings

- Climate change is becoming an important factor in the performance of agricultural enterprises.
- Since 1900, the average daily maximum temperature in Sydney has demonstrated a noticeable upward trend of around 2 degrees Celsius as shown in Chart 2.0.1.
- Precipitation is also important for all agricultural land uses. Chart 2.0.2 shows that the level of precipitation in Greater Sydney over the past 40 years has been highly varied (due to weather events such as La Nina and El Nino). Prior to 2020 there was a downwards trend, however there is no longer a downward trend due to record levels of rainfall due to La Nina in 2022.
- The combination of rising temperatures (which increases evaporation rates) and more volatile rainfall could place further pressure on the viability of agriculture. This is particularly the case on small agricultural land holdings that depend on very high levels of productivity to sustain viability.

Greater Sydney Annual Average Daily Maximum Temperature

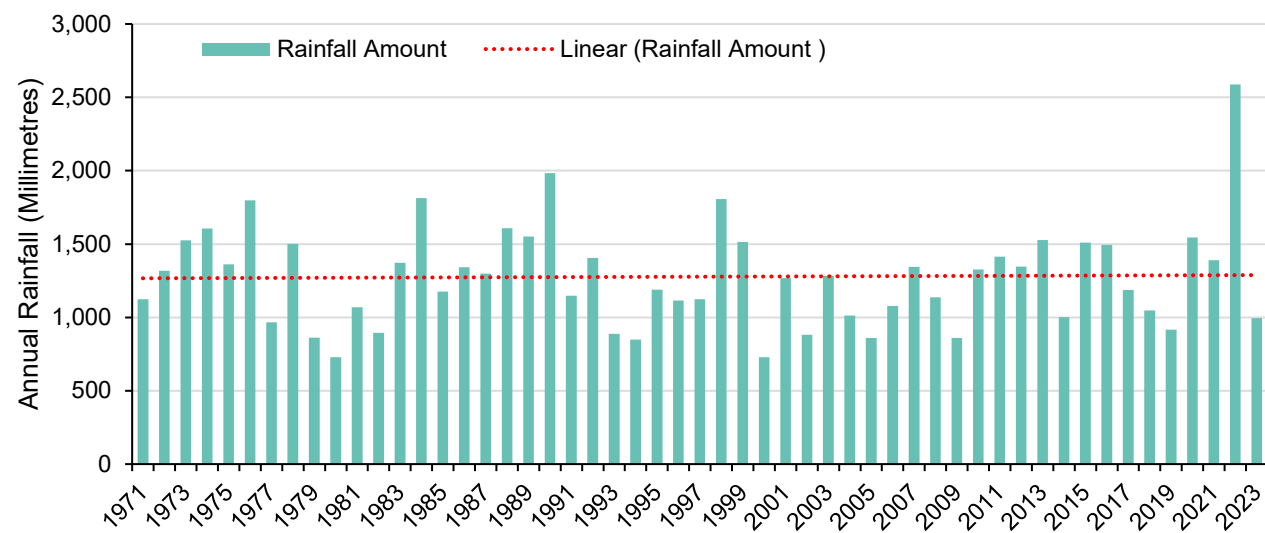
Chart 2.0.1



Source: Australian Bureau of Meteorology

Greater Sydney Annual Precipitation

Chart 2.0.2



Source: Australian Bureau of Meteorology

AGRICULTURE LAND ASSESSMENT - RECOMMENDATIONS


Key Findings

- The subject site is relatively small in scale for agriculture at 12.7 hectares.
- Map 2.0.3 also shows that the ability to amalgamate these sites with adjoining land holdings to increase the scale of the agricultural enterprise is also constrained by the location of significant vegetation communities on surrounding land.
- The topography of the land is relatively steep in parts and could be classified as Land Capability Class 4. This limits the nature of uses that could be applied to the subject site, reducing the potential income that can be generated, putting into question the viability of operating the property as an agricultural enterprise.
- Development of more intensive agricultural activities will be constrained by its proximity to residential areas to the south and the school immediately adjacent the property to the north, given the need to consider appropriate buffer areas.
- As such, despite the loss of agricultural farm land, the rezoning of the subject site for residential subdivision and development can be justified as future agricultural land uses are unlikely to generate a sufficient return to warrant future investment in agricultural enterprises on the subject land.

Distribution of Vegetation Communities

Map 2.0.3



A person is working at a desk. Their hands are visible, typing on a laptop keyboard. Another hand is holding a pen, pointing at a document on the desk. The desk is covered with various items: a laptop, a pen, a spiral notebook, and several sheets of paper, some of which appear to be architectural drawings or blueprints. The background is slightly blurred, focusing attention on the work area.

3.0

RESIDENTIAL MARKET ASSESSMENT

3.1

RESIDENTIAL DEMAND DRIVERS

RESIDENTIAL DEMAND DRIVERS

Overview

- We have identified 5 key drivers of residential housing demand relevant to the subject site. These key drivers include access to amenities and employment, transport and infrastructure, population growth and competing supply.
- Table 3.1.1 (below) and Table 3.1.2 (overleaf) provides a brief description of these drivers and their implications for the subject site. As the subject site achieves at least a moderate to strong score for these five residential drivers, the subject site is appropriate to be considered for residential development.

Residential Demand Drivers

Table 3.1.1

FACTORS	DESCRIPTION	IMPLICATIONS FOR THE SUBJECT SITE	SCORE
Access to amenities	Locations that have easy access to shops, public transport, parks, entertainment and dining options, medical facilities and schools will be highly demanded as residential locations. These factors remain high on the priority lists of those looking to rent or buy.	<ul style="list-style-type: none">• Residents will have access to the nearby retail offers at Dural Village and Dural Mall shopping centres.• A range of bulky goods retailers, service providers and fast-food restaurants also exist at the Dural industrial precinct in proximity near the intersection of Old Northern Road and New Line Road.• The site is located near Redfield College and is adjacent Dural Public School on Old Northern Road.• The site is located approximately 5.1 kilometers from Castle Towers Shopping Centre, which is the closest regional shopping centre providing a large discretionary offer for residents.• The Round Corner Medical Practice is located adjacent to the Dural Mall.	Strong
Access to employment	Residents often prefer to live close to work, enabling them to minimise travel times and improve work life balance.	<ul style="list-style-type: none">• The nearest major employment centre is the Norwest Business Park (15-minute drive), of which the large Castle Hill industrial precinct is adjacent to the east.• There are existing employment opportunities within the retail/commercial centres in Dural and its environs (including Round Corner). Dural industrial precinct also provides significant employment opportunities.	Moderate

RESIDENTIAL DEMAND DRIVERS

Residential Demand Drivers

Table 3.1.2

FACTORS	DESCRIPTION	IMPLICATIONS FOR THE SUBJECT SITE	SCORE
Transport and Infrastructure	<ul style="list-style-type: none"> Access to good public transport and road infrastructure are important to potential purchasers and renters. Practically, linkages to the CBD, airport and major employment centres. Future infrastructure projects can revitalise areas, improve connectivity and linkages, create new jobs and reshape the existing community. 	<ul style="list-style-type: none"> The new Sydney Metro Northwest includes stations with park and ride facilities at Cherrybrook and Castle Hill, which has enhanced the subject sites public transport connections to key employment nodes across Sydney. The Sydney CBD, a major employment node, is accessible by a bus service that runs from near the intersection of Old Northern Road and New Line Road (via Castle Hill bus interchange). 	Moderate
Population Growth	Population growth is a key indicator of demand for residential dwellings.	<ul style="list-style-type: none"> The Hills Shire LGA is expected to experience an increase of 87,639 residents from FY23 to FY36 (+2.8% p.a.). This will be driven by development in the North West Growth Area and the new Sydney Metro Northwest. There is an opportunity for the subject site to take a share of this strong population growth if more residential land is unlocked in Dural. 	Strong
Competing Supply	<ul style="list-style-type: none"> Competing residential developments provide an indication of market preferences in terms of price points, size, mix and scale of development. The amount of competing supply, quality and location of other developments in the area can influence demand on the subject site. 	<ul style="list-style-type: none"> The trend in residential dwellings in Dural shows a clear preference for larger, detached dwellings. It is a lifestyle trend for residents to move to areas like Dural for a semi-rural lifestyle on a large block of land. There is 50 proposed residential lot developments in The Hills Shire LGA expected to deliver nearly 2,500 lots (average size 50 lots). Although most of these are in the North West Growth Area greenfield release precincts, meaning that the proposed development at the subject site would be a unique offer in the market. The price of vacant land in The Hills Shire LGA has recorded strong growth in recent years, particularly in FY22 as Covid-19 has had a positive impact on residential lot demand. 	Moderate

3.2

RESIDENTIAL CATCHMENT ANALYSIS

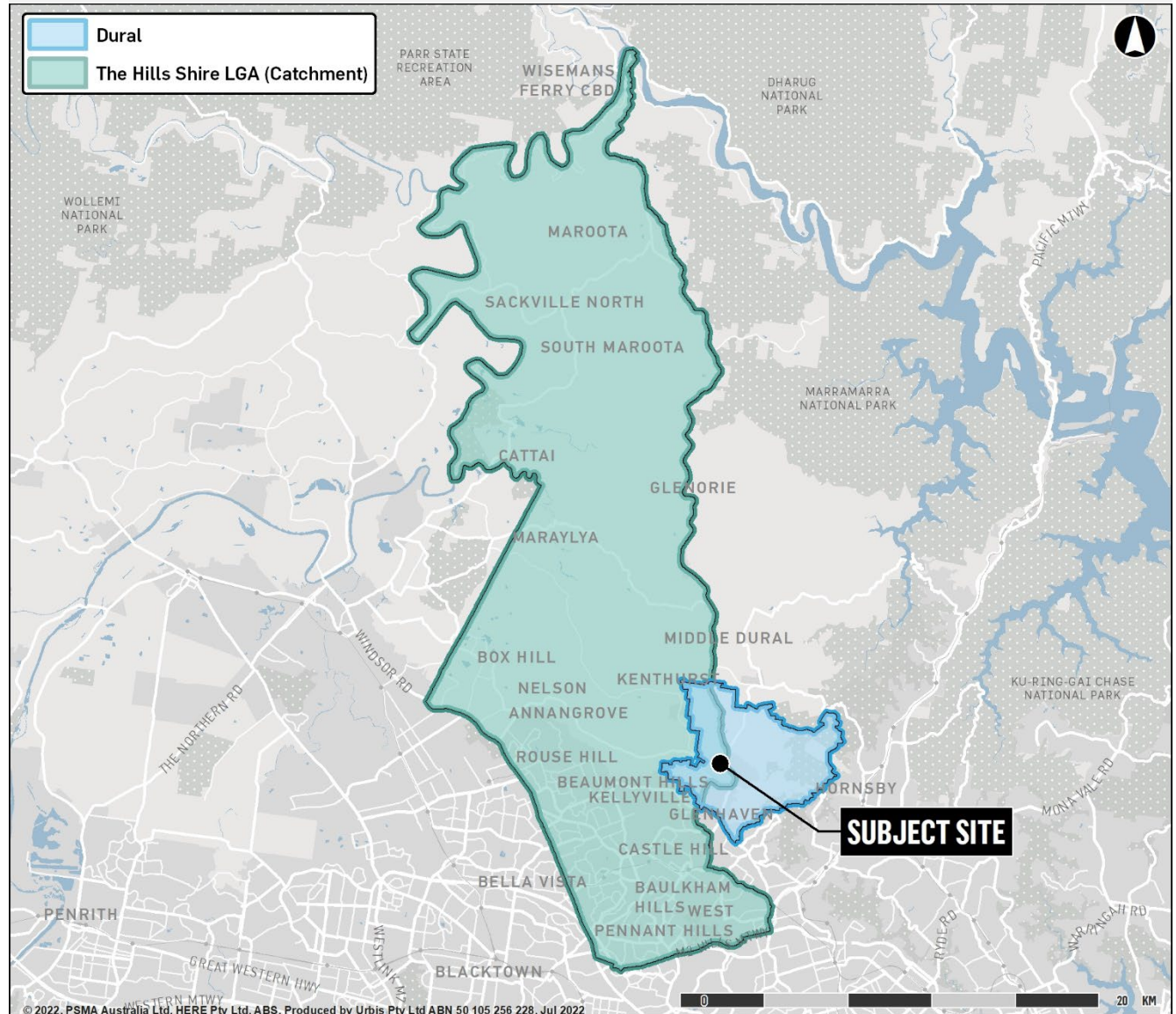
CATCHMENT AREA DEFINITION

Overview

- The map opposite shows the **Residential Catchment (catchment)** we have adopted for assessing the supportability of a residential lot development at the subject site. The catchment boundary reflects The Hills Shire LGA boundary as we are assessing the need for residential dwellings within this council area.
- The catchment refers to the geographic market for residential lots at the subject site. As such, any residential estate at the subject site is expected to compete with the proposed developments within the catchment.
- We have also included a boundary the Dural suburb in Map 3.2.1, for which we will include population and demographic information. The purpose of this is to determine if Dural residents are more likely to prefer houses compared to other residents across the catchment. Dural is split between The Hills Shire LGA and the Hornsby LGA.
- This section of the report assesses the likely demand for additional residential lots (or houses) within the catchment and their supportability at the subject site.

Residential Catchment

Map 3.2.1



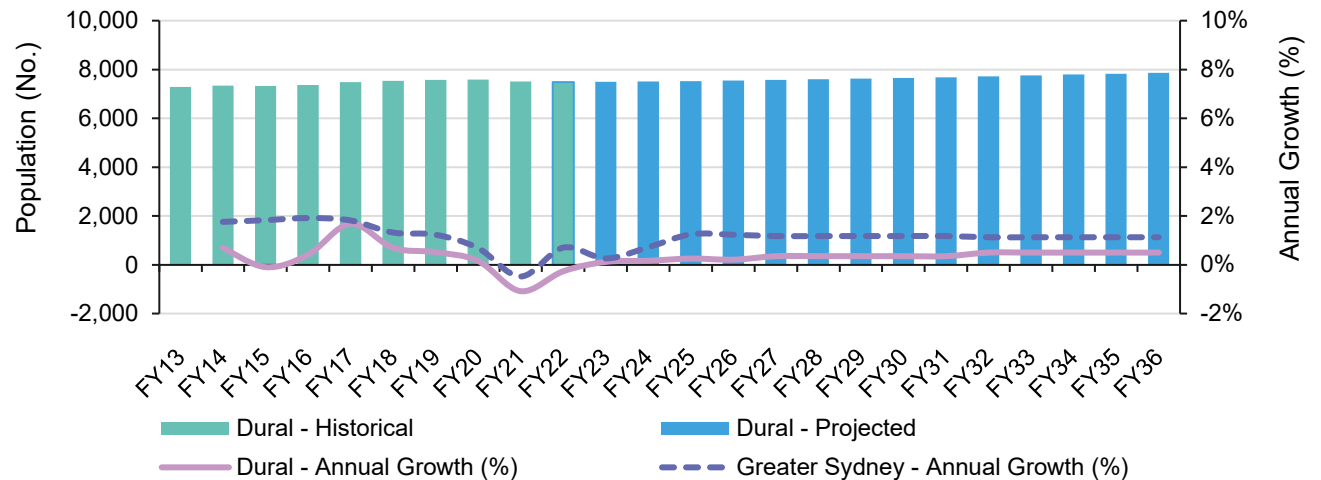
POPULATION GROWTH

Key Findings

- The charts opposite illustrate the historical and projected population growth within Dural and the catchment from FY13 to FY36. These figures are based on NSW DPHI and TFNSW population projections.
- Dural is shown to experience very limited population growth, which is below the Greater Sydney average from FY13 to FY36. From FY23 to FY36 Dural is expected to grow from 7,497 residents to 7,871 residents, equating to an increase of 374 residents (or an average of 0.4% p.a.).
- This slow forecast population growth is reflective of there being limited residential development opportunities in Dural due to inadequate zoning. The proposed development at the subject site is an opportunity to strengthen population growth across Dural.
- The projected population growth across the catchment from around 201,830 residents FY23 to around 289,469 residents by FY36 reflects an average annual growth rate of 2.8% per annum. This growth is well above the expected growth in Dural and the Greater Sydney average.
- Population growth in the catchment will largely be driven by several greenfield release areas and station precincts (around the new metro stations) which are outlined in The Hills Shire Council Housing Strategy. Section 3.3 of this report will provide a more detailed analysis of these greenfield release areas and their impact on the proposed development at the subject site.

Dural Population Growth, FY13 – FY36

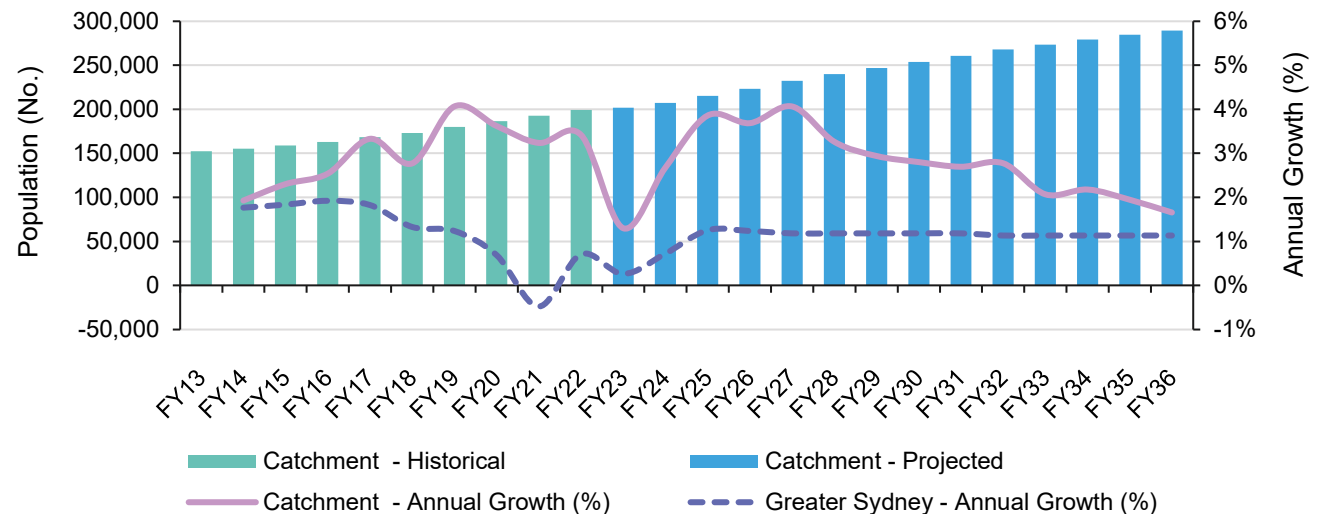
Chart 3.2.1



Source: ABS; NSW DPHI; TFNSW; Urbis

Catchment Population Growth, FY13 – FY36

Chart 3.2.2



Source: ABS; NSW DPHI; TFNSW; Urbis

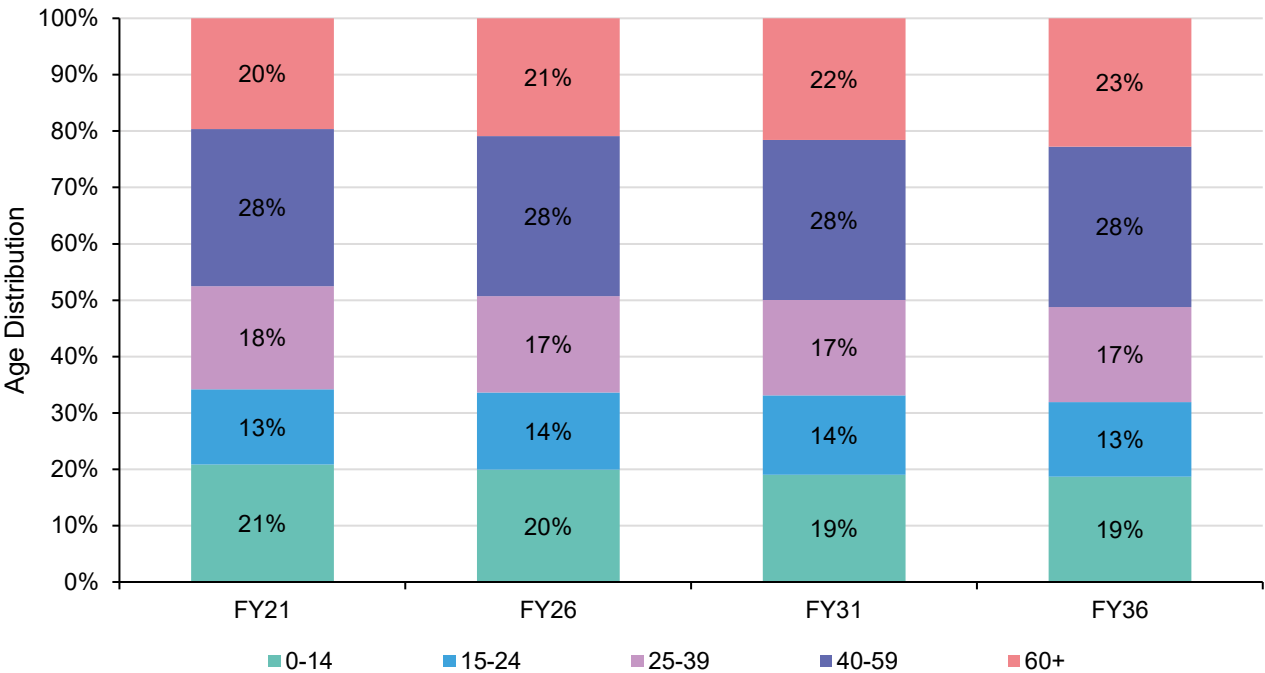
POPULATION GROWTH BY AGE

Key Findings

- Chart 3.2.3 illustrates the population growth by age projections within the catchment from FY21 to FY36.
- The main change of age distribution is the increased share of residents aged 60 and over from 20% in FY21 to 23% by FY36. This change is reflective of the ageing population in the catchment, which is in line with trends experienced across Greater Sydney.
- As such, there could be demand for large residential lots from retirees who are looking to change homes to a more affordable location in an attempt to free up capital.
- While the share of children aged 0-14 years old is expected to decrease slightly from 21% to 19%, the strong population growth of the catchment will result in the number of children (0-14 years old) increasing from around 38,600 in FY21 to around 50,800 by FY36. As such, there is expected to be strong demand from young families, a key demand driver of separate houses in new estates.

Catchment Population Growth by Age, FY21 – FY36

Chart 3.2.3



Source: NSW DPHI; Urbis

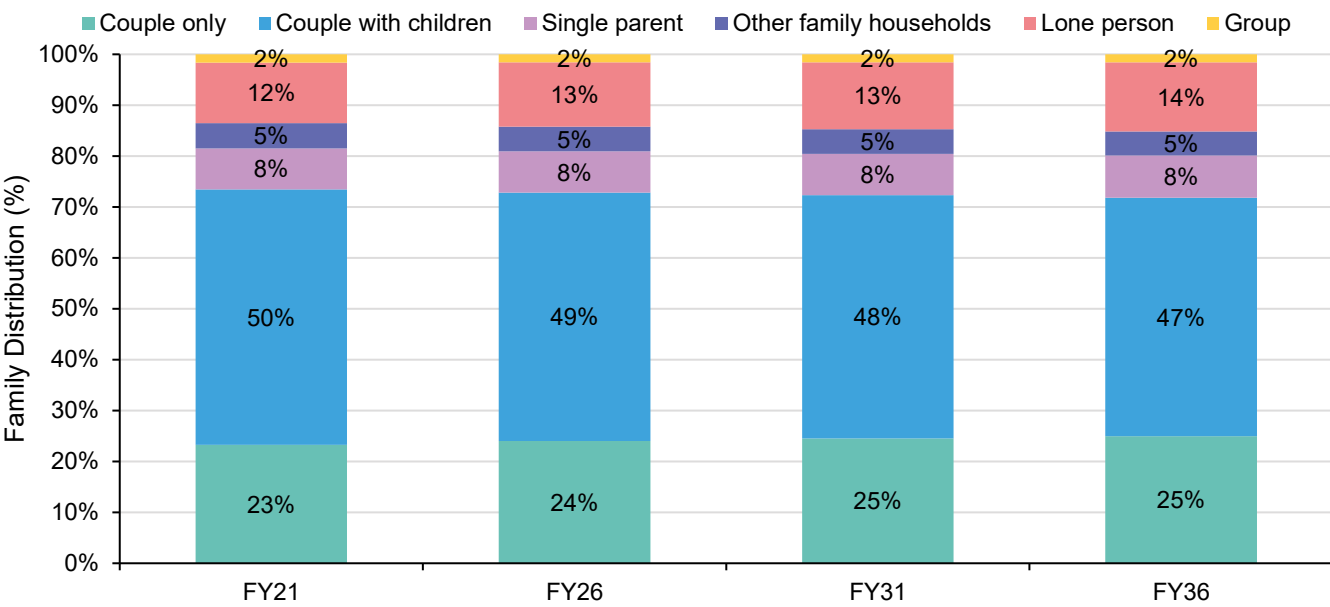
HOUSEHOLD GROWTH

Key Findings

- Chart 3.2.4 illustrates the household composition projections in the catchment from FY21 to FY36.
- The main change in household composition is the increase of couple only and lone person households. These changes are likely reflective of an ageing population (widows and older children leaving the home).
- There is a large share of couple with children families, who are expected to account for nearly 50% of the population. The large lots which will feature in the proposed development is an attractive product to these usually young families.
- Table 3.2.1 shows that the average household size in the catchment is projected to fall from 3.1 in 2021 to 3.0 in 2036 due to the increase of couple only and lone person households.
- These changes mean that more dwellings are required per additional resident in the catchment, and as such the change in demographics is expected to create an increased need for additional dwellings to cater for the expected population growth across the catchment.

Catchment Household Composition Projections, FY21 – FY36

Chart 3.2.4



Source: NSW DPHI; Urbis

Household Size Projections, 2021 – 2041

Table 3.2.1

LGA	2021	2026	2031	2036
The Hills Shire (Catchment)	3.1	3.1	3.1	3.0
Hornsby	2.8	2.8	2.7	2.7

Source: NSW DPHI; Urbis

DEMOGRAPHICS

Key Findings

- The table opposite provides a summary of the demographic characteristics of Dural and the catchment and their variance to the Greater Sydney benchmark. This is based on 2021 Census data.
- The Dural and catchment population in 2021 were characterised by:

Dural

- Personal and household incomes of 3% above the Greater Sydney average, with average household income 20% above the average (due to the higher household size). These indicate that there is more disposable income to afford a larger home.
- The portion of couple families with children is also above the benchmark, indicative of demand to purchase a first family home or upsize.
- There is also a 12% higher share of owners and 1% higher share of purchasers meaning more that reflecting a high demand for home ownership in Dural.

Catchment

- The catchment has an even higher average per capita and household income, 17% and 36% above the benchmark, respectively.
- There is also a significantly higher proportion of families with children in the catchment than the Sydney average.
- The catchment having a 47% of households being purchasers is 10% higher than the benchmark. This combined with the high share of families with children is indicative of strong demand for affordable and large homes from first home buyers in the catchment.

Demographic Characteristics, 2021 Census

Table 3.2.2

CHARACTERISTIC	DURAL		CATCHMENT		GREATER SYDNEY (GS) AVERAGE
	VALUE	VARIANCE TO GS AVERAGE	VALUE	VARIANCE TO GS AVERAGE	
Average Per Capita Income (15-64 Aged)	\$47,268	+3%	\$53,716	+17%	\$45,812
Average Household Income	\$129,428	+20%	\$147,212	+36%	\$108,004
Tertiary Student (%)	8%	0%	8%	0%	8%
Average Age	45	+22%	38	+3%	37
Avg. Household Size	3.0	+11%	3.1	+15%	2.7
Couple family with no children (%)	28%	+2%	26%	0%	26%
Couple family with children < 15 (%)	25%	+1%	34%	+10%	24%
Couple family with children > 14 (%)	19%	+7%	18%	+6%	12%
One parent family with children < 15 (%)	4%	-1%	4%	-1%	5%
One parent family with children > 14 (%)	5%	-1%	5%	-1%	6%
Group Household (%)	1%	-3%	1%	-3%	4%
Lone Person Household (%)	18%	-5%	12%	-11%	23%
Renter (%)	15%	-13%	21%	-8%	29%
Owner (%)	46%	+12%	32%	-3%	34%
Purchaser (%)	39%	+1%	47%	+10%	37%
Born Overseas (%)	33%	-5%	40%	+2%	39%

3.3

RESIDENTIAL SUPPLY

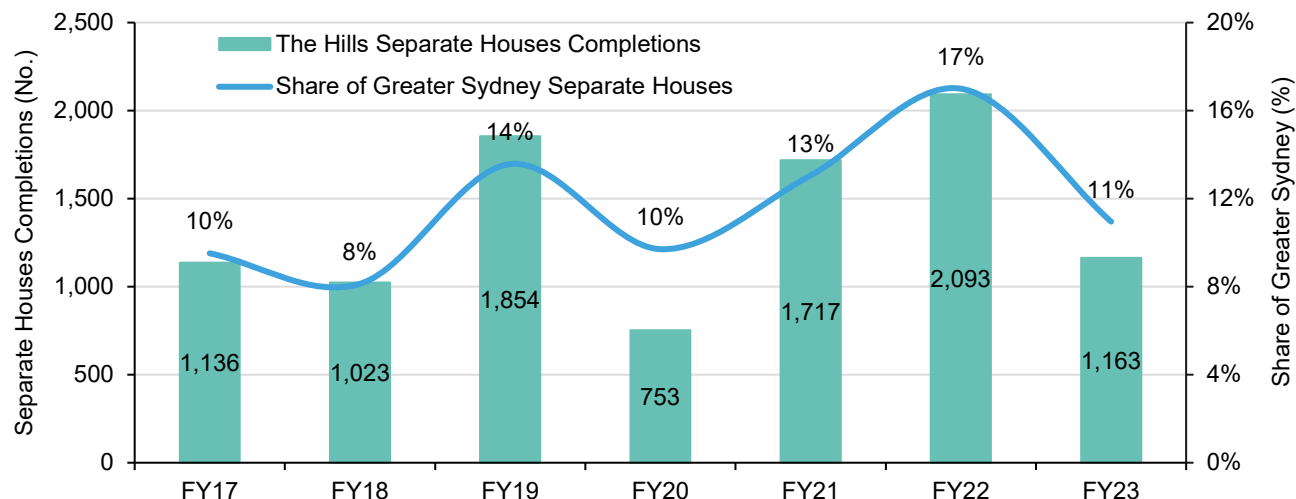
DWELLING APPROVALS AND COMPLETIONS

Key Findings

- The charts opposite illustrate the historical supply trends of houses (not including townhouses or semi-detached dwellings) in the catchment from FY17 to FY23.
- Chart 3.3.1 shows the annual house completions for the catchment from FY17 to FY23. Throughout this period the catchment accounted for an average of 12% of Greater Sydney house completions.
- There were an average of 1,390 annual house completions within the catchment over this period. Completions were highest in FY22, with 2,093 completions before dropping to 1,163 in FY23. House completions were the lowest in FY20 with 753 completions.
- Chart 3.3.2 shows house approvals from FY17 to FY23, with the catchment accounting for an average annual share of Greater Sydney approvals of 10%. Approvals were highest in FY21 at 2,169, before steadily decreasing to 1,531 by FY23.
- These numbers reflect the catchment housing market cooling down in FY20 following historically high levels of approvals and completions. However, approvals then picked up again as a result of Covid-19 as demand for houses increased compared to other product types. This pick-up in demand can be attributed to residents across Greater Sydney purchasing larger homes in more affordable locations further away from the Sydney CBD, as working from home allows them to commute to work less often. However, this trend as cooled down in FY23.

Annual Dwelling Completions, FY17 – FY23

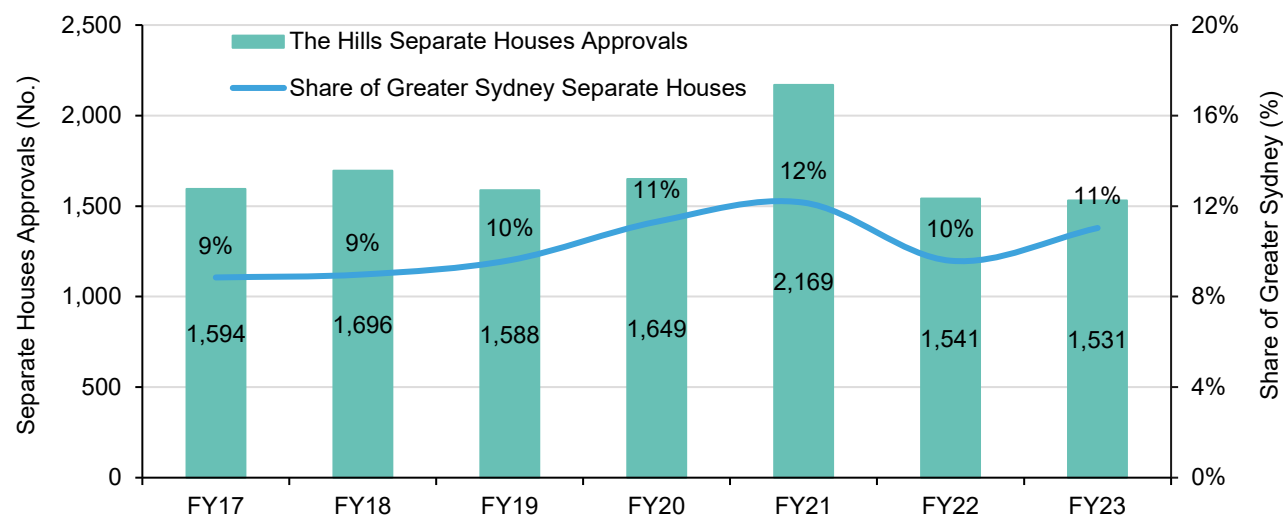
Chart 3.3.1



Source: ABS; Urbis

New Dwelling Approvals, FY17 – FY23

Chart 3.3.2



Source: ABS; Urbis

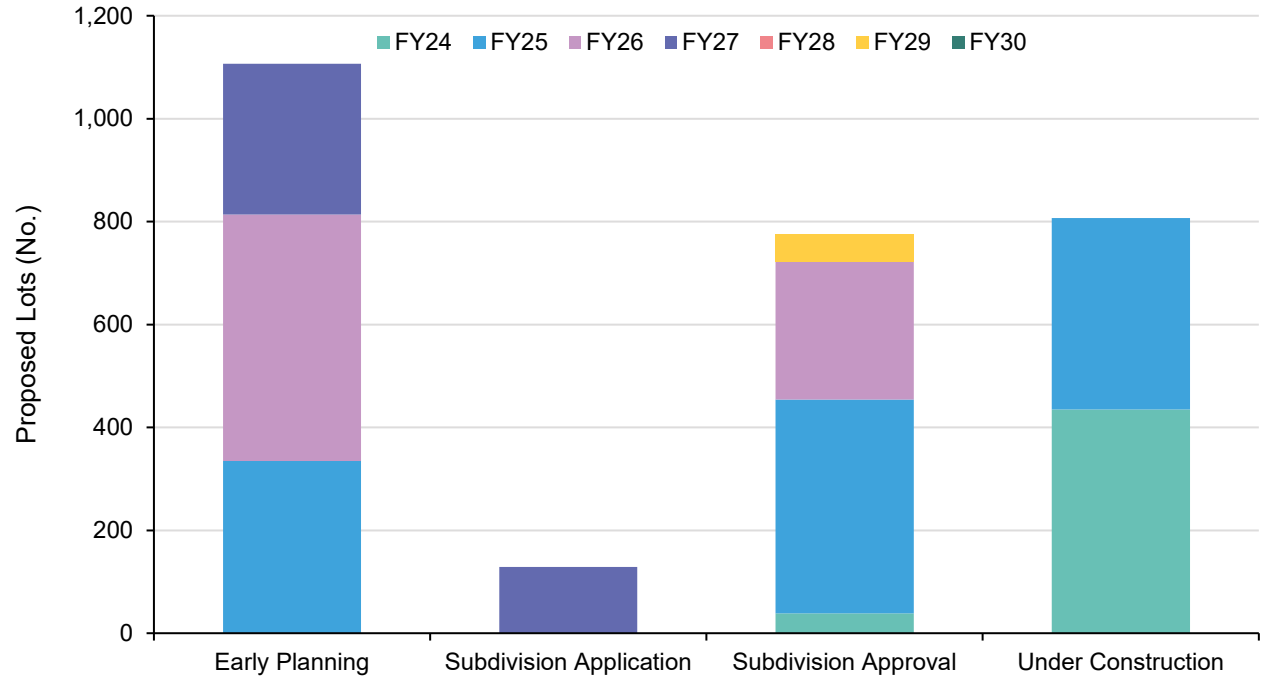
PROPOSED SUPPLY

Key Findings

- Currently there are approximately 2,819 proposed lots across 50 residential subdivision projects within the catchment according to Cordell. These projects range from being in subdivision application to the construction phase, with an average size of around 56 lots.
- Chart 3.3.3 shows the status of the proposed residential lot projects in the catchment by stage and year. Of the proposed lots, 56% of are in the construction or subdivision approval phase. The remaining 39% and 5% are in early planning and subdivision application phase, respectively, and as such they have less certainty around proceeding.
- While 83% of lots are currently expected to be completed by FY26, expected completion dates may be delayed due to residential lot developments often facing delays or developers deciding to stage a large development.
- Map 3.3.3, overleaf, illustrates the location of proposed residential subdivision developments in the catchment. It shows that nearly all developments are clustered within large greenfield release areas, namely:
 - Balmoral Road Release Area
 - North Kellyville Release Area
 - Box Hill Release Area
 - Box Hill North Release Area
- As such, a residential lot development at the subject site would be a unique offer in the catchment in terms of location, which would be attractive to some potential residents. Particularly as Dural would not have the same ongoing and high levels of construction activity typically experienced in greenfield release areas.

Catchment Proposed Lots by Year and Status

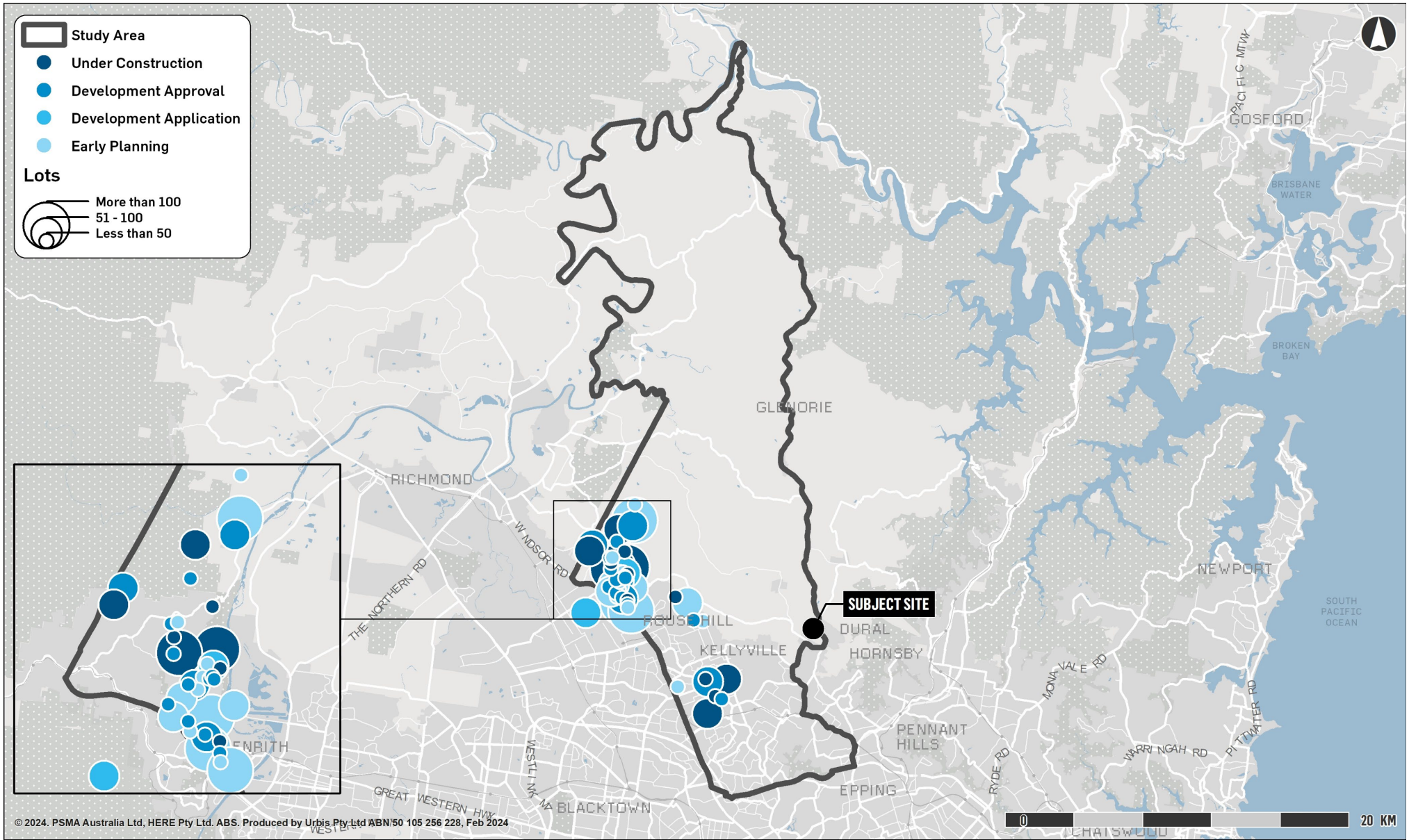
Chart 3.3.3



Source: Cordell

COMPETITIVE CONTEXT OF PROPOSED RESIDENTIAL LOT DEVELOPMENTS

Map 3.3.1



STRATEGIC PLANNING CONTEXT – GREENFIELD RELEASE AREAS

Key Findings

The greenfield release areas of The Hills Shire LGA were part of the North West Growth Area, with the exception of Box Hill North Release Area which was a Council led development.

Table 3.3.1 outlines the status and capacity of each of the greenfield release areas. Together these areas have had approximately 12,802 dwelling completions against a dwelling capacity of 33,000, reflecting 39% completion.

As such, the remaining 20,198 dwellings to reach capacity will present significant competition for the subject site, particularly as the vast majority of these are expected to be detached houses.

The Hills Shire LGA Housing Strategy (2019) provides more detail on potential rate of development with a target a 18,600 dwelling completions by 2036 (including existing dwelling completions), and a further 14,400 dwellings beyond 2036. The strategy expects most of these completions to occur from 2019 to 2024, with an average of around 1,400 dwelling completions per year, before slowing down to an average of around 550 dwelling completions per year over the following five years.

Status of Greenfield Release Areas			Table 3.3.1
PRECINCT	ESTIMATED DWELLING COMPLETIONS (FY23)	DWELLING CAPACITY	REMAINING DWELLINGS TO REACH CAPACITY
Balmoral Road	2,825	5,100	2,275
North Kellyville	5,058	7,200	2,142
Box Hill Release Area	3,653	15,700	12,047
Box Hill North Release Area	1,266	5,000	3,734
Total	12,802	33,000	20,198

Source: NSW DPHI; The Hills Shire Council; Urbis

3.4

RESIDENTIAL COMPETITOR ANALYSIS

PROFILED DEVELOPMENTS

Key Findings

- This sub-section of the report contains profiles of the four residential lot developments which share similar locational characteristics to the subject site. Each of the profiled developments are within the North West Growth Area and include:
 - Box Hill Rise
 - Menin Road Estate
 - The Gables by Stockland
 - The Hills of Carmel
- The table adjacent summarises the sales performance of each of the profile developments, as these take-up rates provide an indication of how a residential lot development at the subject site could perform.
- The Gables by Stockland is a 2,331 lot development and has had the highest take-up of all developments with an average monthly take up of 17.4.
- The other profiled projects Box Hills Rise (90 lots) and The Hills of Carmel (1,363 lots) have also achieved strong take-up rates of 5.6 and 11.4 lots per month respectively.
- Overall the developments have had an average take up rate of 10 lots per month.
- If the subject site were to sell at the lowest profiled take-up rate of 4.8 lots per month, the 110 proposed lots would sell in approximately 22 months.

Sales Rates for Profiled Competitors

Table 3.4.1

DEVELOPMENT	SUBURB	LAUNCH	TOTAL LOTS	TAKE-UP	MONTHS*	TAKE-UP PER MONTH
Box Hill Rise	Box Hill	Mar-21	90	90	16	5.6
Menin Road Estate	Oakville	Feb-21	164	164	34	4.8
The Gables by Stockland	Gables	Apr-20	2,331	869	50	17.4
The Hills of Carmel	Box Hill	Jun-16	1,363	1,030	90	11.4

*Note: *Months is date of launch to last known sale
Source: Marketing agents, Pricerfinder, Urbis*

BOX HILL RISE - BOX HILL



Developer	Fusion Land
Location	32-34 Mason Road, Box Hill
Council Area	The Hills Shire
Location Characteristics	<ul style="list-style-type: none"> • 35 km north-west to Sydney CBD • 41 km north-west to Sydney Airport • 13-minute drive from Rouse Hill Metro • 900m to the future Box Hill City Centre precinct • Within minutes of Rouse Hill Metro station
Completion	2022
Project Launch	March 2021
Status	Under Construction
Total Lots	90
Lot Sizes	260-508 sq.m
Estate Description	Located on elevated lots with frontages ranging up to 15m. The estate attains district outlooks, with views over the Box Hill area and Blue Mountains. Box Hill Rise will comprise a variety of retail and medical services.

Lot Sizes	Mix (%)	Price Range*
250-275 sq.m	n/a	\$568,900 - \$830,000
300-335 sq.m		\$671,000 - \$925,000
350-375 sq.m		\$845,000 - \$990,000
400-425 sq.m		No Sales
450-475 sq.m		\$930,000 - \$999,000
Take-up Rates	The project sold out in July 2022, equating to 5.6 lots per month.	
Buyer Profile	Agent has indicated that around 90% of demand for lot sizes less than 375sq.m had been from first home buyers or downsizers from other locations in the Hills LGA. The agent had also communicated that a large proportion of purchasers of Box Hill Rise preferred a built product rather than going through the building process themselves.	

*Note: *Refers to average achieved sales prices throughout 2022*

Source: Urban Land Housing; Agent Discussion

MENIN ROAD ESTATE - OAKVILLE



Developer	Crownland Developments
Location	58 & 62 Boundary Road & 122 and 138 Menin Road, Oakville
Council Area	The Hills Shire
Location Characteristics	<ul style="list-style-type: none"> • 5 Minutes from the new Box Hill City Centre. • 11 minutes travel time from the proposed Rouse Hill Hospital. • 11 minutes from Rouse Hill Town Centre and Metro station • 6 minutes from Scheyville National Park • In close proximity to a selection of primary and secondary schools
Completion	December 2023
Project Launch	February 2021
Status	Complete
Total Lots	164
Lot Sizes	300-574 sq.m
Estate Description	The estate provides dual access from Boundary and Menin roads and is situated adjacent to the Box Hill precinct. The estate is slightly undulating with north-easterly views extending over the Box Hill precinct.

Lot Sizes	Mix (%)	Price Range*
300-375 sq.m	85%	\$650,000 - \$790,000
400-528 sq.m	15%	\$650,000 - \$890,000
Take-up Rates	As at December 2023, the project had sold out, equating to take-up rate of nearly 5 lots per month.	
Buyer Profile	Agent has indicated that there has been an equal split of interest among investors and owner-occupiers re-locating from the Box Hill Area. As a result of the high-priced land package and current state of the market, first home buyers have been priced out, with the agent indicating it had been several months since a first home buyer was interested. Builders looking to develop on the estate would generally just buy the one lot of land and were located from all parts of Sydney. The agent also provided details that, many purchasers previously were in Kellyville living in 15-year-old properties and that the current estate was more suited over the upmarket developments in Marsden Park.	

*Note: *Refers to average achieved sales prices throughout 2023
Source: Pricfinder, Urban Land Housing; Agent Discussion*

THE GABLES BY STOCKLAND - GABLES



Developer	Stockland
Location	Old Pitt Town Road, Gables
Council Area	The Hills Shire
Location Characteristics	<ul style="list-style-type: none"> • 13-minute drive from Rouse Hill Metro • 13-minute drive to Rouse Hill Town Centre shopping and entertainment precinct. • Contains the new Santa Sophia Catholic School (K-12) which opened in 2021
Completion	2030
Project Launch	June 2015 (Stockland took control in April 2020)
Status	Under Construction
Total Lots	2,331
Lot Sizes	250-700 sqm^
Estate Description	The Gables estate will incorporate essential social and educational amenities. It is a master planned community with 75ha of green space, a proposed 4ha lake and retail destinations. The estate also has a proposed Santa Sophia Catholic School.

Lot Sizes^	Mix (%)^	Price Range*
250-299 sq.m	18%	\$440,000 - \$699,000
300-399 sq.m	21%	\$475,000 - \$815,000
400-499 sq.m	46%	\$593,500 - \$965,000
500-599 sq.m	15%	\$760,000 - \$1,080,000
600-700 sq.m	1%	\$1,070,000
Take-up Rates	Since taking over the project in April 2020, the Gables has achieved approximately 869 sales equating to an average monthly take-up of 17.4 sales per month as at February 2024.	
Buyer Profile	Discussions with the selling agent has indicated that 5% of the vacant land have been sold to builders while 95% has been sold to owner-occupiers.	

*Note: ^lot sizes and mix reflects achieved sales only *reflects achieved sales prices during 2023
Source: Stockland, Urban Land Housing; Pricerfinder; Agent Discussion*

THE HILLS OF CARMEL



Developer	Daiwa House Group
Location	Copenhagen Street, Box Hill
Council Area	The Hills Shire
Location Characteristics	<ul style="list-style-type: none"> • 5 minute drive from Box Hill City Centre • 15 minute drive to Castle Hills • 13 minute drive from Rouse Hill Town Centre shopping and entertainment precinct. • 13 minute drive from Rouse Hill Metro Station
Completion	February 2023
Project Launch	June 2016
Status	Under Construction
Total Lots	1,363
Lot Sizes	270-388 sq.m
Estate Description	The estate is located on land surrounded by open parkland with an abundance of green open spaces and waterways. The Hills of Carmel is a master planned community with social, leisure and educational amenities. This includes proposed schools', retail destinations and outdoor sporting facilities.

Lot Sizes	Mix (%)	Price Range*
275 sq.m	80%	\$740,000
300-350 sq.m	80%	\$830,000 - \$955,000
375-400 sq.m	20%	\$930,000 - \$1,024,000
Take-up Rates	As at December 2023 the project had sold around 1,030 lots. Considering that this project was launched in June 2016 this equates to an average monthly take up rate of about 11.5 sales per month.	
Buyer Profile	Agent has revealed that the estate was historically popular among first home buyers, however with increasing interest rates, Investors/Builders have become more active in the market. The agent indicated the estate has been popular among small and growing families. Buyers are most commonly moving from Hornsby and Westmead, who are looking for upgrades on previous homes.	

*Note: *Refers to average achieved sales prices throughout 2023
Source: Urban Land Housing; Agent Discussion*

3.5

RESIDENTIAL DEMAND ANALYSIS

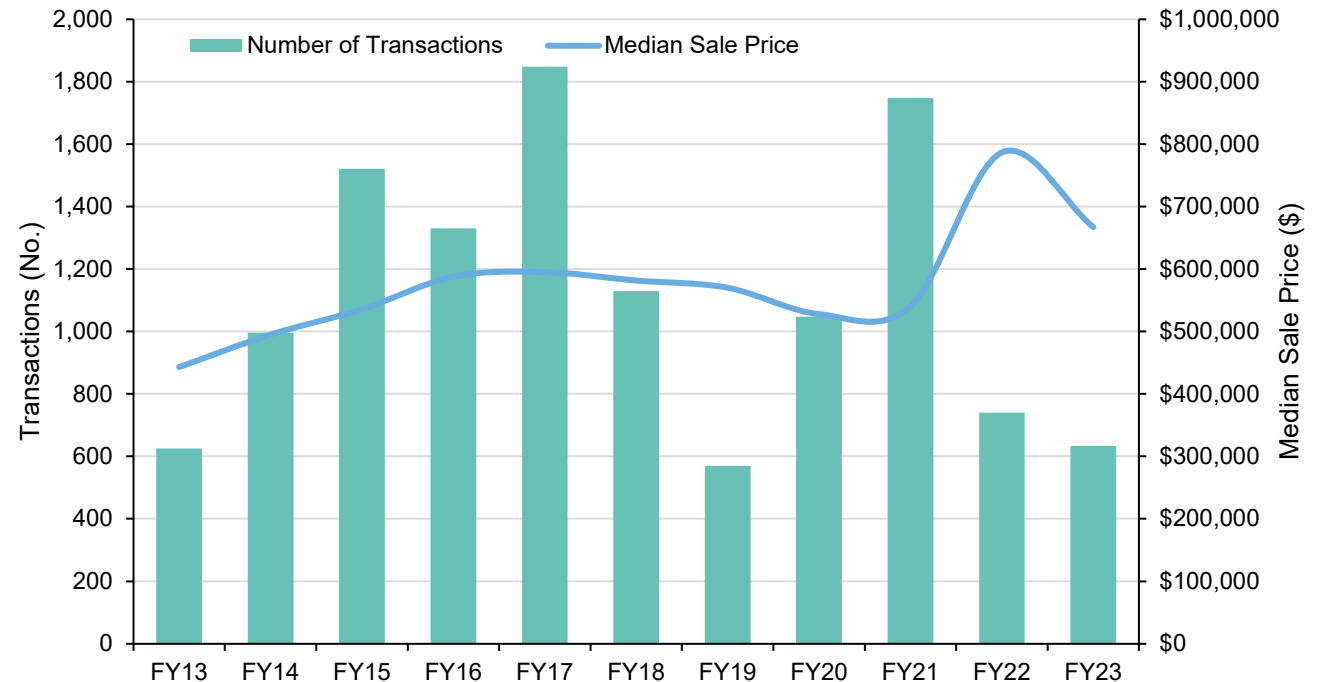
RESIDENTIAL LOTS / VACANT LAND SALES ACTIVITY

Key Findings

- Chart 3.5.1 illustrates the sales performance of residential lots in the catchment which are sized between 200 sq.m and 4,000 sq.m (in line with the potential offer at the proposed development).
- Median lot sales prices in the catchment have grown significantly in the last 10 years from \$443,000 to \$667,000 at an average annual growth rate of 4.7% per annum.
- Sales growth was particularly strong in FY22, growing from \$540,000 to \$786,600 reflecting an annual increase of 46%.
- The strong growth in FY22 is indicative of increased demand for residential lots due to Covid-19 and the positive change in perception of being located further from the Sydney CBD due to the increased mobility from working from home.
- Median sales saw a 15% decline in FY23. This was a correction after the significant growth in FY22 due to interest rates and affordability pressures.
- Although it should be noted that FY23 does not yet include all sales as several sales have not yet settled as they were off-the-plan.
- Sales activity in the catchment reached a historical peak in FY17 with 1,848 sales before declining to 570 by FY19. Sales picked up again to reach 1,748 by FY21, before declining to 633 in FY23, mainly because of rising interest rates, discourage prospective buyers from taking out mortgages.

Residential Lots / Vacant Land Sales Cycle

Chart 3.5.1



Note: FY23 sales may be higher due to off-the-plan sales which may have not settled
Source: Pricerfind; Urbis

RESIDENTIAL LOTS / VACANT LAND SALES BY SIZE

Key Findings

- Table 3.5.1 provides a summary of the historical take up rates in the catchment for different lot size ranges within the 200 sq.m to 4,000 sq.m size range from FY17 to FY23.
- Lot sizes ranging from 200 – 499 sq.m have the highest take up rate at an average of 766 lots per year.
- Lots sized between 500 – 999 sq.m are also popular with an average annual take-up of 298 lots per year.
- The number of sales declines for lots sized more than 1,000 sq.m. This decline is likely due to buyers often looking to purchase more affordable lots and developers looking to maximise the number of lots in their developments.
- However, average annual take-up rates of 21 lots per year for lots sized between 1,000 sq.m – 2,000 sq.m suggest there is some demand for larger lots in the catchment.
- The proposed 110-lot residential subdivision features 90 lots spanning 600 to 900 sq.m. This wide range appeals to buyers seeking affordability and space. The 16 lots sized between 1,000 and 1,200 sq.m offer a unique option compared to the smaller lots often favored by developers focused on maximising quantity rather than size.

Catchment Residential Lot Sales by Size, FY17 – FY23

Table 3.5.1

LOT SIZE RANGE (SQ.M)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	AVERAGE ANNUAL SALES (FY17-FY23)	SHARE OF AVERAGE SALES
200-499	1,117	777	354	716	1,345	530	520	766	69.4%
500-999	669	316	187	292	359	178	88	298	27.1%
1,000-1,499	33	25	11	18	18	6	9	17	1.6%
1,500-1,999	7	4	3	2	5	3	3	4	0.3%
2,000-2,999	19	6	14	19	20	18	10	15	1.4%
3,000-4,000	3	2	1	1	1	5	3	2	0.2%
Total	1,848	1,130	570	1,048	1,748	740	633	1,102	100%

Source: Pricefinder; Urbis

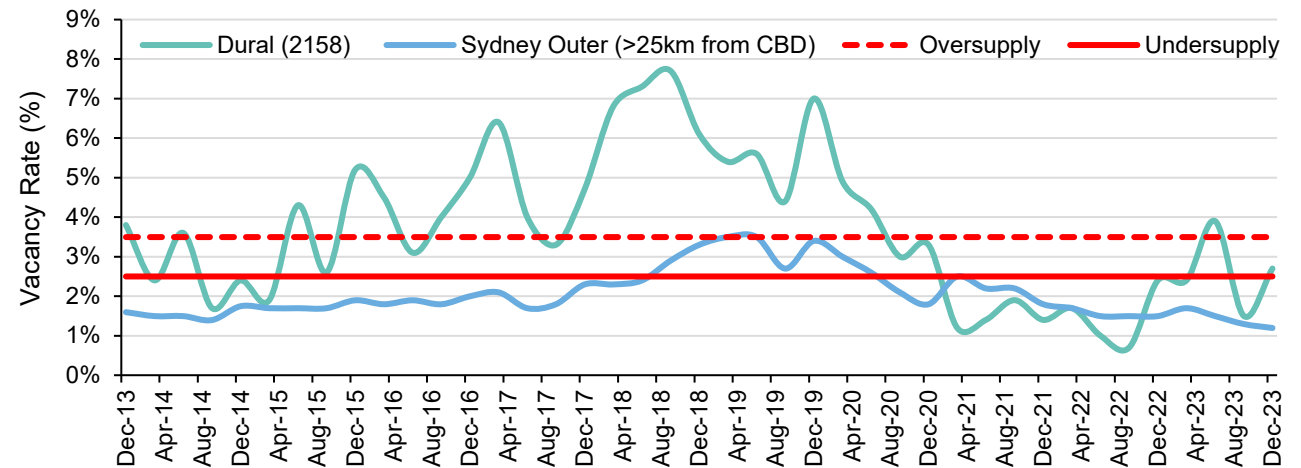
RENTAL MARKET

Key Findings

- The rental market provides a good indication of the current state of the residential market with rents and vacancy rates responding quickly to changes in supply and demand dynamics.
- Vacancy was mostly high from mid-2015 to March 2020, staying between 3.5% and 8% which was well above the benchmark of the Sydney Outer Ring (>25km from the Sydney CBD), remaining between 1% and 4%.
- Vacancy then started to decline from March 2020 till September 2022, reaching a low of 0.7%. The low vacancy rates during this period are reflective of a positive impact of Covid-19 on Dural, even compared to the rest of the Sydney Outer Ring, as Dural achieved vacancy rates below the benchmark.
- Vacancy rates then started to increase, reaching 2.7% as of December 2023.
- There is no rental data available for Dural so we have provided the historical rental performance of the catchment compared to the Sydney Outer Ring from December 2013 to December 2023.
- Throughout this period three bedroom rents in grew from \$525 to \$750, reflecting an average annual growth rate of 3.6% per annum. As at December 2023, three bedroom rents were 25% higher than those achieved in the Outer Ring.
- From September 2017, four bedroom rents in the catchment grew from \$720 to \$880 reflecting an average annual growth rate of 3.4% per annum.
- Recent tight vacancy rates and strong rental growth are indicative of strong demand for houses across the catchment in the short term.

Dural Rental Vacancy Rate

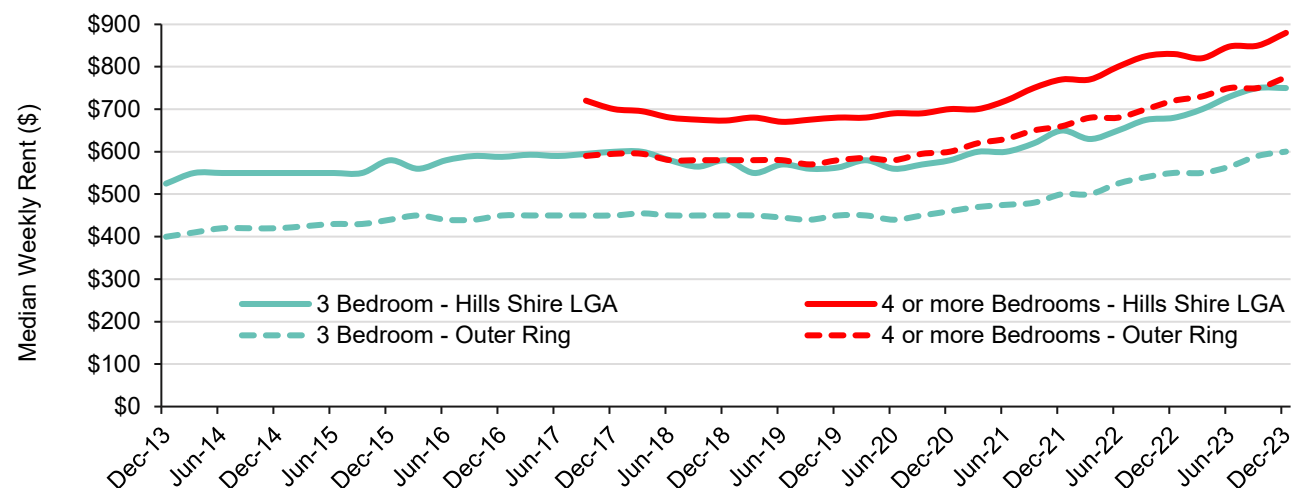
Chart 3.5.2



Source: SQM Research; REINSW; Urbis

Catchment Rental Growth

Chart 3.5.2



Source: NSW Housing; Urbis

MARKET DEMAND

Demand

- Dwelling demand is projected using population and household size projections released by the NSW DPHI. It is projected that the Greater Sydney population will increase from 5,349,578 residents in FY24 to 6,015,828 in FY34 at an average annual rate of 1.18% per annum. The average household size of Greater Sydney is projected to drop slightly from 2.51 to 2.44 over the same period.
- To determine demand for vacant land/new houses, it is assumed that demand for vacant land/new houses Greater Sydney will account for 39% of future dwelling demand in FY24 based on historical approval trends. Over time we expect this to drop slightly to 35% by FY32, as apartments continue to become the preferred housing typology across Greater Sydney.
- Under this approach we estimate that Greater Sydney annual housing demand will be around 8,255 to 11,993 from FY24 to FY34.
- Based on the historical approvals and completions we anticipate that the catchment will account for 14% of house demand across Greater Sydney in FY24. This high share reflects the intensity of greenfield development occurring in the catchment due to having four greenfield release areas. As development activity in other areas in Greater Sydney is expected to pick up, especially in the South West Growth Area where prices are currently more affordable, we anticipate this share to reduce to 12% by FY31.
- Applying these shares to the catchment, annual demand for houses is expected to range from around 1,156 to 1,649 between FY24 and FY34.

Market Share

- It is considered that the earliest completion of dwelling from the proposed residential lot development at the subject site is by FY26 based on anticipated planning and construction timeframes.
- Based on an assessment of the quantum, location and characteristics of proposed competitive supply in the catchment, it is considered that the subject site development could achieve a market share of new residential lots of around 4% per year from FY26 onwards. The assumed market share is based on:
 - Take-up rates of similar residential lot developments within the catchment (profiled developments)
 - The location of the subject site in Dural which is in close proximity to the Dural Village and Dural Mall shopping centres. Although this is not as close to some new infrastructure (Sydney Metro North West stations) as the North West Growth Area greenfield release areas, it is a unique offer in the market. Nearly all other proposed developments are within these greenfield release areas which may be hinder interest from some buyers due to the long construction timeline of these precincts (expected to be completed well beyond 2036).
 - The number of proposed developments, the number of lots they are expected to contain and their expected completion. Over the forecast period there is expected to be around 2,509 lots per year. Taking a proportionate market share from this equates to a market share of roughly 4%.
 - We also considered the expected rate of development of the greenfield release areas as indicated by The Hills Shire LGA Housing Strategy.
- Under this approach we estimate that the subject site could achieve an annual take rate of lots ranging between 56 to 65 from FY26. This equates to a cumulative take-up of 125 by FY27 growing to 531 by FY34. Therefore, we anticipate the proposed 110 lot development is supportable.
- The methodology of these figures calculating the potential subject site take-up is shown on Table 3.5.2, overleaf.

MARKET DEMAND

Catchment and subject site Residential Lot Demand, FY24 – FY34

Table 3.5.2

	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Greater Sydney Annual Dwelling Demand	21,166	31,151	31,439	30,510	31,489	32,120	33,118	33,655	32,790	33,331	33,585
<i>Proportion of Dwellings that are Houses (%)</i>	39%	39%	38%	38%	37%	37%	36%	36%	35%	35%	35%
Greater Sydney Annual House Demand	8,255	11,993	11,947	11,441	11,651	11,724	11,922	11,947	11,476	11,666	11,755
<i>Catchment Share of House Demand (%)</i>	14%	14%	14%	13%	13%	13%	13%	12%	12%	12%	12%
Catchment Annual House Demand	1,156	1,649	1,613	1,516	1,515	1,495	1,490	1,464	1,377	1,400	1,411
<i>subject site – Market Share (%)</i>			4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
subject site Annual House Demand			65	61	61	60	60	59	55	56	56
subject site Cumulative House Demand			65	125	186	246	305	364	419	475	531

Source: NSW DPHI; ABS; Cordell; Urbis

4.0

ECONOMIC BENEFITS



CONSTRUCTION BENEFITS

Key Findings

- The proposed 110 lot subdivision project and the associated development of dwellings on each lot would require substantial capital investment. This capital investment (construction cost) of **\$143 million (inclusive of GST)** over a four-year period would sustain significant employment in the local economy.
- Based on economic modelling using REMPLAN, the construction of the proposed development would generate a total of 165 jobs per annum over the four-year construction period, including:
 - Direct jobs** = 67 jobs per annum over four years
 - Indirect jobs** = 98 jobs per annum over four years.
- Most new direct jobs will be in the construction sector, particularly on-site construction workers. Indirect jobs are often supply-chain jobs, of which one third are expected to be manufacturing jobs.
- We have also used the REMPLAN model to assess the potential economic contributions of the construction of the proposed development in terms of Gross Value Added (GVA).
- The construction phase will generate a total Gross Value Added (GVA) of \$105.2 million to the NSW economy during the four-year construction period (in net present value terms).
 - Direct GVA** = \$41.9 million
 - Indirect GVA** = \$63.3 million.

Construction Phase Benefits

Table 4.0.1

	DIRECT	INDIRECT	TOTAL
Project Expenditure	\$143,000,000	-	\$143,000,000
Average Employment Per Annum (Total Jobs)	67	98	165
Gross Value Added	\$41,900,000	\$63,300,000	\$105,200,000

Source: Legacy Property, REMPLAN, Urbis

RETAIL SPENDING BENEFITS

Key Findings

- Once the development is finished the proposed 110 residential lot development is expected to have a positive ongoing impact on the local economy in terms of retail spending.
- The additional 110 dwellings would roughly result in an additional 341 residents when applying the projected average household size according to the NSW DPHI.
- With these residents expected to have an average retail spend of \$17,140 per annum, there could potential be an additional \$5.84 million of retail spending added to the local economy from the proposed development.
- These retail spending benefits will benefit the nearby Dural Village and Dural Mall shopping centres (and their surrounds) as well as other retail centres throughout the LGA in terms of both spending and vibrancy. More vibrant centres will help drive business investment in the LGA, which would in turn support even more ongoing jobs in the local economy.

Potential Retail Spending from Residents

Table 4.0.2

TOTAL	
Proposed Residential Lots / Houses	110
Average Household Size	3.1
Potential Additional Residents	341
Retail Spend Per Capita	\$17,140 per annum
Potential Additional Retail Spending	\$5.84 million per annum

Source: Legacy Property, Marketinfo, ABS; NSW DPHI; Urbis

