

**2017SNH085 – 101-111 Willoughby Road, Crows Nest (DA327/15/8)**

**COUNCIL ASSESSMENT REPORT TO SYDNEY NORTH PLANNING PANEL**

**Attachment B – Market information (unit mix)**



CIS - NSC  
DATE RECEIVED

27.2.18

DA327/15/8

CHARTER.  
KECK CRAMER

Our Reference  
SB

26 February 2018

Mr Dominic Sullivan  
Payce  
Level 37 Chifley Tower  
2 Chifley Square  
Sydney NSW 2000

Via Email: [dominic@payce.com.au](mailto:dominic@payce.com.au)

Dear Dominic,

Re: DA327/15/8 - 101-111 Willoughby Road, Crows Nest

#### Introduction

I have been requested to provide comment with regard to the proposed accommodation mix identified within DA327/15/8, a development application relating to the redevelopment of 101-111 Willoughby Road, Crows Nest.

#### Experience

I am a Director of Charter Keck Cramer, one of Australia's leading independent research, valuation and advisory firms. I am a property advisor and Certified Practising with over 10 years experience specialising in development feasibility advice and the valuation of residential and mixed use development projects. Further, I regularly prepare market research/analysis reports and advise on the viability of development projects.

#### Project Background

I understand that Payce is seeking to amend the approved product mix via a Section 96 amendment in accordance with the following table.

| Accommodation Type       | Approved Mix (Apartments) | Proposed Mix (Apartments) |
|--------------------------|---------------------------|---------------------------|
| Studio Apartments        | 19 (27%)                  | -                         |
| One Bedroom Apartments   | 16 (23%)                  | 16 (27%)                  |
| Two Bedroom Apartments   | 28 (40%)                  | 34 (57%)                  |
| Three Bedroom Apartments | 7 (10%)                   | 10 (17%)                  |
| Total                    | 70                        | 60                        |

I have been requested comment on the appropriateness of the Proposed Mix in the context Crows Nest area and with regard to the Approved Mix.

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### Site location

The subject site is situated in Crows Nest, approximately 600 metres east and approximately 2.1 kilometres north of St Leonards and North Sydney Railway Stations respectively. More specifically the site is located at 101-111 Willoughby Road, Crows Nest and is surrounded by detached housing to the east and north, low rise apartments to the west and local retail shops to the south.

### Local Context

Crows Nest can be characterised as a suburban local market situated Sydney's Lower North Shore. Crows Nest generally comprises low to medium density housing (detached, attached dwellings and low rise apartments), which is serviced by a popular and established "village" style retail offering along Willoughby Road. These inherent characteristics of Crows Nest, coupled with proximity to transport hubs, schools, retail and lifestyle amenity appeal strongly to families, couples and empty nesters.

### Demographics

As part of this advice we have undertaken a preliminary demographic analysis of key 2016 Census data that relates to Crows Nest. The population of Crows Nest at the 2016 Census was 4,789 residents given it is an established suburban local market. We provide the following key demographic profile.

- 4,789 residents and median age of 35 years.
- There is a high proportion of families with the average children per family at 1.5.
- The most common apartment type is two bedrooms, followed by one bedroom and three bedroom apartments.
- High median weekly household income due to strong presence professional couples with dual incomes.
- Population of Crows Nest – St Leonards (combined) increased by 1,331 people (24.3%) between 2011 and 2016. The largest changes in the age structure in this area were parents and homebuilders (35-49 years) and young workforce (25 to 34 years).

Having regard to the above demographic profile, Crows Nest has a strong concentration of larger household groups that generally comprise families with or without children, young professionals with dual income and empty nesters. This demographic profile is underpinned by higher household incomes and would reside in medium to larger dwelling types such as two-three bedroom apartments. Smaller apartment types such as studio's and 1 bedroom apartments are not suited for a large majority of residents in Crows Nest.

### Buyer Profile

The most popular apartment accommodation types in Crows Nest are two bedroom apartments followed by one and three bedroom apartments. These cater for couples with and without children.

Our market research of off the plan apartment projects in Crows Nest and St Leonards have indicated the majority of purchasers are couples, empty nesters, families that require medium to large product types (i.e. greater than one bedrooms).

We note there has been an increase in demand from families in the local area for two and three bedroom apartments. Price growth over the past few years has created affordability pressures for families and as a result houses in the local area are now too expensive for many families, subsequently, families are now seeking more affordable two and three bedroom apartments in new developments.

The typical buyer profile for a studio apartment is described as follows.

- Lone persons who cannot afford a larger apartment (e.g. 1 Bedroom).
- Additional residence for owner occupier with another primary place of residence.
- Investors.

The above buyer profiles are unique and reflect very small portion of purchasers. Further, a group in which a studio may appeal to in Crows Nest is lone persons who cannot afford a larger apartment. This group will most likely prefer to purchase an existing, older style, one bedroom apartment at a lower price point compared to a new off the plan studio apartment.

### Future Housing Needs and Demand

The character of the local area is transitioning as the profile of new development is predominantly medium to high rise apartment development. This type of development aligns with the demand that will be created by the proposed metro station in Crows Nest, whilst aligning with intent of the St Leonards and Crows Nest Planned Precinct and the Draft North District Plan. The demographic profile of the area is considered to require a continued supply of one, two and three bedroom apartments, in particular a dominant supply of two and three bedroom apartments most aligned with the likely accommodation needs of future residents.

## Conclusions

The Proposed Mix is considered appropriate/suitable for the current market. Further, the demographic profile of the area and the anticipated demographic trends for the location further support the conclusion that the Proposed Mix is commensurate with the market and locations accommodation needs.

In particular, the strong growth in property prices in the Lower North Shore, and the greater Sydney Metropolitan Area, over the past few years has meant that families are finding it increasingly difficult to afford houses in the area. These families are often choosing to remain in the area and in doing so seek two and three bedroom apartments. The need for more two and three bedroom apartments has become more critical in recent years due to growing affordability pressures and a greater offering of these configurations in new projects will go some way to alleviating pressure on local families.

Further, the key difference between the Approved Mix and the Proposed Mix is that removal of studio apartments. I would support the removal of studio apartments from the Approved Mix for the following reasons.

1. New studio apartments in Crows Nest will be offered at a high price point and as such will not appeal to purchasers seeking more affordable accommodation, these purchasers will be more attracted to older style existing one and two bedroom apartments in the area as they offer greater accommodation, often have parking and are available at a more affordable price point.
2. Couple families with and without children are the dominant household type in Crows Nest. These groups typically seek one, two and bedroom apartments as they offer greater space and functionality.
3. Downsizers (including empty nesters and some lone persons) are typically moving from houses or large apartments and prefer one and two bedroom apartments.
4. Renters with affordability constraints will typically seek two and three bedroom apartments or houses where two or more "housemates" can share the rental. This is more cost effective approach than renting a studio.

Whilst studios may appeal to small parts of the market from time to time, they are the least popular accommodation type as they offer low functionality, have a higher price point to larger existing stock and do not meet the needs of the Crows Nest demographic which has as a high portion of families.

Yours sincerely

Charter Keck Cramer



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**BOSTON**  
MARKETING

DA327/15/8

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13<sup>th</sup> February 2018

**DA327/15/8 - 101-111 Willoughby Road, Crows Nest**

Boston Realty Pty Ltd is a licensed real estate agency (License No.10063107), we have been engaged by PAYCE to undertake market research on apartment dwellings in the Crows Nest area for the upcoming sale of The Albany located at 101 – 111 Willoughby Road, Crows Nest.

The proposed mix at The Albany development is as follows:

16 No. x 1 Bed Apartments  
34 No. x 2 Bed Apartments  
10 No. x 3 Bed Apartments

**Total of 60 Apartments.**

Based on the market research and sales enquiries received to date we believe this is a suitable apartment mix for the area.

Please do not hesitate to contact us if any further information is required.



Regards  
Rhys Morgan  
Licensed Real Estate Agent  
Licence No. 20083765



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