



Westmead Housing

Market Analysis

Prepared for Combined Projects (Westmead)

FINAL – April 2017

QUALITY ASSURANCE

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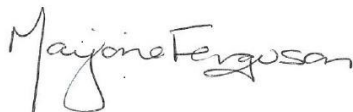
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EXECUTIVE SUMMARY

HillPDA has been commissioned by Combined Projects (Westmead) to undertake a housing demand study (the study) in relation to two proposed residential developments on Lots 4 and 5, located at 158-164 Hawkesbury Road and 2A Darcy Road, Westmead (subject site).

The purpose of the study is to undertake an analysis of socio-demographic data and other industry sources to provide a justification for the proposed bedroom mix within the development, specifically the number of one bedroom apartments proposed.

The proposed developments combined would provide 911 residential apartments upon completion. The proposed bedroom mix is as follows:

- Studios – 3.6% or 33 units
- 1 Beds – 56.3% or 513 units
- 2 Beds – 34.8% or 317 units
- 3 Beds – 5.3% or 48 units

Specifically, the number of one bedroom apartments proposed is above the 10 to 20% specified within the Parramatta Development Control Plan (DCP).

Key analysis findings

- The majority of dwellings within the suburb of Westmead were apartment style dwellings (67.7%). It is reasonably assumed that this proportion would be significantly higher in the Westmead precinct itself;

- Nearly 80% of apartments, numbering 2,610 contained two bedrooms;

Given that the local bedroom mix for one bedroom apartments in the DCP is 10-20% there seems to be a historic oversupply of two bedrooms and undersupply of one bedroom apartments in the suburb.

- Of the two bedroom apartments, 556 or 21.3% contained only one usual resident – these are classified as being under occupied.

This under occupation of two bedroom apartments is likely a result of an under supply of one bedroom apartments, leading residents into the more available stock of two bedroom apartments.

- Of the total 3,263 apartments within the suburb, 681 or 20.9% were under occupied, further indicating an undersupply of appropriate bedroom mix in the dwelling stock.

556 or 21.3% of two bedroom apartments only contained one usual resident

Despite lone persons predominately living in apartments, 79.2% occupied an apartment with two or more bedrooms

This under occupation likely indicates an undersupply of studio or one bedroom apartments which could have directed lone persons into apartments with more bedrooms than they theoretically require.

Demand for additional apartment supply, specifically one bedroom apartments, would be driven by the potential growth in employment and infrastructure investment in the Westmead Precinct as well as the potential downsizer market.

- The age cohort of 15-44 years comprised the bulk of the suburb's resident population (56.5%) with this age group also being the predominate occupier of apartments (41.1%).
- Lone persons predominantly resided within apartments (79.1%) with 41.8% of this household type also being within the 15-44 year age group;
- Despite lone persons predominately living in apartments, 79.2% occupied an apartment with two or more bedrooms;

This further indicates that there is likely an undersupply of studio or one bedroom apartments which has directed lone persons into apartments with more bedrooms than they theoretically require.

- Of the detached and townhouse stock within the suburb, 587 or 37.9% were under occupied. Specifically, there were there were 146 or 34.4% of two bedroom dwellings which had only one person living within the dwelling.

This indicates that there is likely be persons within the suburb looking to down size if appropriate stock was made available.

- The median apartment price in Westmead suburb increased in 2016 while it decreased across Parramatta LGA. This indicates a strong housing market in and around the Westmead Hospital Precinct.
- Analysis of one and two bedroom apartments sold within Westmead suburb in 2016 and 2017 reveals that the median price for one bedroom apartments increased by \$25,250 or 5.8% over the period. This is compared to two bedroom apartments which remained stable at \$555,000.

This indicates that the undersupply in one bedroom apartments has increased the price at a greater rate when compared to the more available two bedroom apartments.

Revised dwelling projections

HillPDA assessed the population, household type and dwellings projections for the area referred to as the Westmead precinct (Figure 1) undertaken by Forecast id. This Westmead precinct area is approximately half the size of the Westmead suburb.

Given that forecast id projected nearly half of the growth in households would comprise lone persons and couple families without children and that future dwelling stock would predominantly comprise apartment style dwellings, it was surprising that their

Dwellings occupied by couple families without children and lone persons combined are projected to increase by 1,086 dwellings between 2011 and 2036

occupancy rate per dwelling rate increased over the period from 2011 to 2036 from 2.55 persons per dwelling to 2.57 persons per dwelling.

HillPDA has applied a more reasonable declining average household size from 2.55 persons per dwelling in 2011 to 2.22 persons per dwelling in 2036. This 2.22 average household size for apartments was equal to that reflected in the wider Parramatta LGA as of 2011¹.

Furthermore given that the Westmead Precinct contained B4 Mixed Use and R4 High Density Residential zoning it was assumed that new dwellings would be apartment style dwellings.

Using this methodology HillPDA forecasted that:

1. Dwellings occupied by couple families without children and lone persons combined are projected to increase by 1,086 dwellings. It would be expected that this would further increase the demand for one bedroom apartments as these household type are likely to seek one bedroom dwellings from an affordability and bedroom requirement stand point;
2. The demand for studio and one bedroom apartments is likely to be higher, resulting from the existing under and over occupation of existing apartment dwelling stock;
3. The recent announcement of infrastructure investment within the Precinct is likely to further increase the demand for additional residential dwelling growth; and
4. The Precinct could potentially provide an additional 31,306 jobs² by 2036 – further increasing the demand for dwellings in close proximity to the key workers place of work.

Conclusion

The provision of additional studio and one bedroom apartments on the subject site, above that stipulated in the Parramatta DCP, would be meeting current and future demand within the Precinct.

Westmead suburb is currently experiencing an undersupply of studio and one bedroom apartments resulting from an historic oversupply of 2 bedroom apartments. This is evident in only 7.4% of the apartment dwelling stock being classified as one bedroom apartments coupled with the high proportion of two bedroom apartments with only one person usual resident as of 2011.

¹ ABS community profile

² Westmead Innovation District: Building Western Sydney's jobs engine Strategic Vision 2016-2036, Deloitte

Increased provision of one bedroom apartments would assist in meeting this historic undersupply and under occupation of two bedroom apartments.

The existing undersupply is further evident in the increase in the median apartment price in Westmead suburb during 2016, while over the same period it decreased across Parramatta LGA as a whole.

Of the residents paying a mortgage or renting within the suburb, 34% and 32% respectively were experiencing housing stress in 2011.

Increased dwelling supply provided on the subject site is likely help alleviate the number of households experiencing housing stress, particularly those currently renting, in the locality through increased dwelling supply and smaller apartments which can be offered at a lower price point.

This housing stress is also evident in the high proportion of two bedroom and one bedroom apartments with more residents than the number of bedrooms provided in those dwellings. For example, as of 2011, 44.5% of apartments contained more residents than the number of bedrooms that those dwellings provided.

This likely indicates that additional occupants are required to help make the mortgage or rental repayment or may also indicates that there is an undersupply of smaller, cheaper apartments.

HillPDA has projected that the Westmead Precinct is likely to require an additional 2,259 dwellings over the period from 2011 to 2036 to house its projected growth in population.

Of these dwellings, upwards of 1,086 dwellings are likely be occupied by lone person and couple families without children households. It is likely that growth in these households would be accompanied by an increase in demand for one bedroom apartments.

Demand for additional dwellings would be driven further by recent infrastructure investment announcements (i.e the Parramatta Light Rail) which in turn may lead to increased residential densities within 800m of transport stops. Furthermore, proposed major investment projects in Westmead Including:

- The Westmead Redevelopment Stage 1 (including Westmead Hospital and the Children's Hospital at Westmead);
- The Children's Medical Research Institute (stages 2-5);
- The Westmead Innovation Centre; and
- The Westmead Institute for Medical Research.

Resulting from the above major projects, the precinct could potentially provide an additional 31,306 jobs³ by 2036. This would further increase the demand for dwellings in close proximity to these work places providing additional dwelling options for key workers likely to work in the Westmead hospital site.

The subject site has unique locational attributes that increase its appropriateness for high density residential development with a focus on the provision of affordable, one bedroom apartments. These attributes include:

- Its location in close proximity to existing and proposed transport infrastructure, being 90m from Westmead Railway Station, adjacent to one of the proposed PLR station locations and within 400m of another proposed station
- Its proximity to existing open space and education facilities; and
- Its proximity to surrounding major infrastructure projects and its ability to provide increased dwelling choice and supply for future key workers.

The above analysis highlights that there is no other equivalent consolidated site in this location with the capacity to provide high density residential accommodation. This site will assist the Westmead precinct to meet its projected growth in population.

Further, from a high level economic assessment the existing floor space ratios (FSR) within the land zoned high density, east of Hawkesbury Road, within the Westmead precinct, are considered unlikely to incentivise redevelopment. This is because the existing built form is likely around an FSR of 1:1 and the costs associated with acquisition, amalgamation, construction and soft costs would likely require FSR that exceeds that currently provided (an FSR of 1.7:1) to achieve a financially viable redevelopment.

It is noted that planning controls within this area are likely to be reviewed upon completion of the PLR. However, the subject site is uniquely placed in the short term is to provide additional dwelling supply and choice within the precinct.

As such, the provision of 911 dwellings on the subject site with a high proportion of studio and one bedroom apartments would significantly help the Westmead precinct in meeting its forecasted dwelling need while also helping to alleviate local housing stress, and provide residents and workers with more affordable dwellings.

³ Westmead Innovation District: Building Western Sydney's jobs engine Strategic Vision 2016-2036, Deloitte

1 INTRODUCTION

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The purpose of the study is to undertake an analysis of socio-demographic data and other industry sources to provide a justification for the proposed bedroom mix within the development, specifically the number of one bedroom apartments proposed.

Proposed development

The proposed developments combined would provide 911 residential apartments upon completion. The proposed bedroom mix is as follows:

- Studios – 3.6% or 33 units
- 2 Beds – 34.8% or 317 units
- 1 Beds – 56.3% or 513 units
- 3 Beds – 5.3% or 48 units.

Currently the Parramatta DCP recommends the following mix:

- 1 bedroom range of between 10 to 20%
- 3 bedroom range of between 10 to 20%
- 2 bedroom range of between 60 to 75%

Report structure

To meet the requirements of the brief the study has been structured in the following way:

- **Chapter 2 | Strategic context** - undertakes a review of State and local planning strategies with a particular focus on the delivery of increased dwelling supply and choice;
- **Chapter 3 | Market demand** - undertakes a review of demographic and socio-economic indicators to assess the latent demand for one bedroom apartment dwellings within the locality;
- **Chapter 4 | Housing supply** - undertakes a high level assessment of population, dwelling projections and apartment pipeline and whether there is sufficient supply to meet demand;

- **Chapter 5 | Housing recommendations** - Based on our key findings from the previous chapters, this Chapter projects the demand for additional dwellings within the Westmead Precinct and attributes these to the household types projected by Forecast id. Some high level assumptions are made on these projections regarding the demand for additional one bedroom apartments.

2 STRATEGIC CONTEXT

This Chapter undertakes an appraisal of the planning and legislative context for the provision of increased dwelling supply based on State, District planning documents. It considers matters relating to the proposed development from an increased dwelling supply perspective only.

A Plan for Growing Sydney 2031 (2014)

The NSW DP&E published the A Plan for Growing Sydney to 2031 (the Plan) in December of 2014. It seeks to achieve the following outcomes:

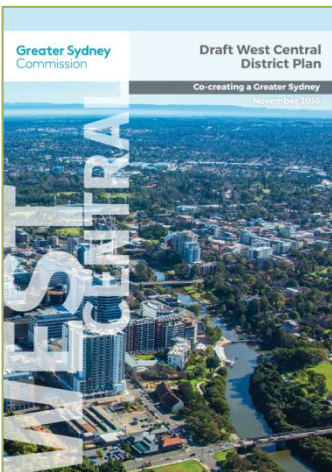
- A competitive economy with world-class services and transport;
- A city of housing choice, with homes that meet our needs and lifestyles;
- A great place to live with communities that are strong, healthy and well connected; and
- A sustainable and resilient city that protects the natural environment and has a balanced approach to the use of land and resources.

By 2031, Sydney's economic output will almost double to \$565 billion a year, with this economic growth being fuelled partly by an additional 689,000 new jobs over the period. Sydney will also experience a population growth of about 1.6 million persons. To meet this population growth, an additional 664,000 new dwellings will need to be constructed.

Specific to this report are:

- Direction 2.1 – Accelerate housing supply across Sydney
This direction emphasises accelerating the delivery of housing choice across Sydney. The direction aims to achieve this through identifying where development is feasible, where there is existing infrastructure and the targeting of areas where the delivery of homes is in close proximity to employment areas. The proposed development of 911 residential apartments close to the Westmead Hospital Precinct is in line with this direction;
- Direction 2.2 – Accelerate urban renewal across Sydney
This direction focuses on housing within centres with high connectivity through public transport. The close proximity of existing railway stations, public bus routes and the proposed





Parramatta Light Rail route increases the subject site's suitability for urban renewal opportunities and additional housing; and

- Direction 2.3 – Improve housing choice to suit different needs and lifestyle

This direction emphasises increased housing diversity across Sydney. The provision and mix of apartments within the subject site would increase dwelling diversity within the area, providing a range of housing options and price points for entering the market or downsizing.

- Direction 1.2: Grow Greater Parramatta – Sydney's second CBD

Greater Parramatta is Sydney's western CBD. Greater Parramatta will continue to grow in significance to Sydney. This will require increased investment and greater diversity of activities in Greater Parramatta.

The building of 911 residential apartments on the subject site would provide additional dwelling choice and supply to support Parramatta's projected growth in employment and subsequent population.

Draft West Central District Plan

The draft West Central District encompasses the LGAs of Blacktown, Cumberland (parts of the former Auburn, Parramatta and Holroyd), Parramatta (parts of the former Parramatta, The Hills, Auburn, Holroyd and Hornsby) and The Hills.

By 2036 it is projected that the District will have a population of over 1.5 million residents, representing an additional 550,500 residents over the 20 year period from 2016.

To house this growth an additional 202,500 dwellings are projected to be required over the period, revealing an annual increase of 10,125 dwellings.

The eight identified strategic and district centres within the District are projected to provide between 112,800 and 133,800 additional jobs by 2036. Of this, Greater Parramatta City, Parramatta City and Westmead are projected to provide between 59,500 and 74,000 additional jobs.

Westmead is identified as a health and education super precinct. To guide and inform future planning activities within the super precinct, NSW Health has prepared a master plan for Westmead. The Westmead redevelopment is expected to increase its workforce from

18,000 to 32,000 by 2036 with the potential to reach 50,000 with additional investment. The number of students is expected to grow from 2,600 to 9,000 by 2036.

To assist in the realisation of Westmead's vision to grow into a world-class health precinct or 'health city' and Australia's centre for bio-medical technology and research, the draft District Plan states that the relevant planning authority should deliver ancillary uses which complement health and education facilities, including (but not limited to):

- residential and aged care facilities; and
- visitor accommodation.

The delivery of 911 residential dwellings on the subject site would help the West Central District in meeting its dwelling targets while also providing residential dwellings in close proximity to existing and planned infrastructure and employment.

The dwellings would also provide additional dwelling choice and supply for key workers, students and visitors within the Westmead Super Precinct in close proximity to their place of work and study.

3 MARKET DEMAND

This Chapter undertakes a review of demographic and socio-economic indicators to assess the latent demand for one bedroom apartment dwellings within the Westmead suburb. Comparisons have been made to Parramatta LGA and Greater Sydney to highlight unique characteristics within the suburb.

Westmead suburb changed its boundary between the 2001 and 2011 Censuses increasing from 2.5sq km to 2.9sq km, gaining some surrounding existing residential land. As such, the following analysis has been limited to 2011 as a direct comparison is difficult.

Furthermore, please note that this Chapter uses ABS 2011 Census data and as such analysis is undertaken using the former Parramatta LGA boundary. The ABS 2016 Census data was unavailable at the time of this study.

The total number of persons or dwellings for each category may vary slightly within this section. This is due to different numbers of persons or dwellings being classified as not stated or non-applicable within the ABS data or the data being recorded as place of numeration versus place of usual residence.

What age cohort predominantly lives in apartment dwellings

Age composition profile

The Westmead suburb contained a younger population relative to the wider Parramatta LGA and Greater Sydney region. This is evident in the recorded median age of the suburb being 31 years in 2011. This is compared to a median age of 33 years and 41 years for Parramatta LGA and Greater Sydney respectively.

Of Westmead's population, 57% were within the age cohort of 15-44 years. This is compared to the wider LGA and Greater Sydney in which 47.6% and 35.3% of the population respectively were within this age cohort.

The age composition is presented in Table 1.

Table 1: Age composition (2011)

Category	Westmead	Parramatta LGA	Greater Sydney
Total persons	14,171	166,859	2,512,948
0-14 years	19.5%	18.9%	19.4%
15-29 years	24.9%	23.7%	17.5%
30-44 years	31.6%	23.9%	17.8%
45-59 years	12.9%	17.4%	20.8%
60-74 years	6.4%	10.2%	16.2%
75+ years	4.6%	5.8%	8.3%
Median age of persons	31	33	41

Source: ABS 2011 Census community profiles

Dwelling typology

The dwelling typology within the Westmead suburb was predominantly apartment style dwellings with 67.7% of the 4,905 occupied dwellings being apartments. This is compared to the wider LGA and Greater Sydney in which 33.5% and 25.8% of dwellings respectively were of this typology.

Table 2: Dwelling typology (2011)

Category	Westmead	Parramatta LGA	Greater Sydney
Total occupied private dwellings	4,905	56,703	1,521,389
Separate house	19.7%	52.8%	60.9%
Townhouse	12.5%	13.4%	12.8%
Flat-Unit-Apartment	67.7%	33.5%	25.8%
Other dwelling	0.1%	0.2%	0.5%
Not stated	0.1%	0.2%	0.1%

Source: ABS 2011 Census community profiles

Age composition by dwelling typology

Of the 13,782 residents recorded within an occupied residential dwelling in the Westmead suburb, 9,004 or 65.3% lived within an apartment. Of these residents, 5,667 or 41.1% were within the age cohort of 15-44 years.

More specifically, in Westmead, of the 7,876 persons within the age cohort of 15-44 years, 5,667 or 72% lived within apartment dwellings.

This is compared to just 28.5% of the Parramatta LGA's population residing within apartment dwellings as of 2011 and only 36.4% of persons aged between 15-44 years residing within an apartment.

Table 3: Age composition by dwelling typology (age cohort by TOTAL population)

	Westmead suburb			Parramatta LGA		
	Separate house	Townhouse	Apartment	Separate house	Townhouse	Apartment
0-14 years	4.55%	2.31%	12.81%	12.25%	2.65%	4.36%
15-29 years	4.53%	3.03%	18.01%	12.09%	2.95%	8.78%
30-44 years	4.60%	3.87%	23.11%	11.85%	3.43%	8.60%
45-59 years	4.52%	1.80%	6.84%	11.73%	2.40%	3.56%
60-74 years	2.79%	0.70%	3.29%	7.22%	1.20%	1.94%
75+ years	1.42%	0.55%	1.27%	3.28%	0.49%	1.22%
Total persons	3,090	1,688	9,004	95,220	21,387	46,381

Source: ABS table builder 2011, Persons, Location on Census Night, excludes not stated and non-applicable

Dwelling under occupied

A dwelling under occupied has been defined where the number of persons living within the dwelling is less than the total number of bedrooms provided by that dwelling.

Dwelling typology by bedroom number

The majority of apartments within the Westmead suburb contained two bedrooms (79.9%) while detached dwellings and townhouses were predominately comprised of three bedroom dwellings (44.6% and 38.9% respectively).

Further the Westmead suburb was over represented in two bedroom apartments (79.9%) and underrepresented in one and bedsitter apartments (7.9%) when compared to the wider LGA (70.1% and 13.8% respectively) and Greater Sydney (61.4% and 23% respectively).

Given that the local bedroom mix for one bedroom apartments is 10-20% there seems to be a historic oversupply of two bedrooms in the locality.

Table 4: Number of bedrooms by dwelling typology

	Westmead			Parramatta	Greater Sydney
	Separate house	Townhouse	Apartment	Apartment	Apartment
None (includes bedsitters)	0.4%	0.98%	0.55%	2.06%	2.78%
One bedroom	2.00%	9.31%	7.37%	11.74%	20.25%
Two bedrooms	23.50%	33.33%	79.91%	70.10%	61.43%
Three bedrooms	44.57%	38.89%	12.08%	15.16%	14.42%
Four bedrooms	20.34%	17.48%	0.09%	0.79%	0.86%
Five bedrooms	6.95%	0.00%	0.00%	0.05%	0.14%
Six bedrooms or more	2.21%	0.00%	0.00%	0.10%	0.12%
Total	100%	100%	100%	100%	100%

Source: ABS table builder 2011, Persons, Location on Census Night, excludes not stated and non-applicable

Persons usually resident by number of bedrooms

Apartments, Westmead

Of the 3,263 apartments recorded as being occupied within the Westmead suburb, 681 or 20.9% were under occupied. That is the number of persons living within that dwelling were less than the total number of bedrooms provided.

Specifically, there were 556 or 21.3% of the two bedroom apartments which had only one person usually resident. This implies that there is a mismatch between the demand and supply of one bedroom apartments within the Westmead suburb.

It must be noted that a dwelling can also be over occupied. This is where the persons usually resident are greater than the number of bedrooms provided.

This over occupancy can indicate that there is an undersupply of specific dwellings with an appropriate bedroom mix or an area has high dwelling purchase or rental prices. This forces over occupancy as more occupants are needed to help make the mortgage or rental payments.

This over occupancy can be seen in the one bedroom apartments where 74 or 32% of one bedroom apartments have two or more persons usually resident. Furthermore, 45.7% of two bedroom apartments have more than two persons living within them.

Table 5: Persons usually resident by number of bedrooms (apartments)

	None*	One bedroom	Two bedrooms	Three bedrooms	Four bedrooms	Total
One person	9	160	556	31	3	759
Two persons	0	56	861	91	0	1,008
Three persons	5	11	670	112	0	798
Four persons	4	7	418	97	0	526
Five persons	0	0	78	38	0	116
Six persons	0	0	19	17	0	36
Seven persons	0	0	8	7	0	15
Eight or more persons	0	0	0	5	0	5
Total	18	234	2,610	398	3	3,263

Source: ABS table builder 2011, Persons, Location on Census Night, excludes not stated and non-applicable * includes bedsitters

Detached dwellings and townhouses, Westmead

Of the 946 detached dwellings recorded as being occupied within the Westmead suburb, 388 or 41% were under occupied. Specifically, there were 77 or 35% of two bedroom dwellings which had only one persons living within the dwelling.

Of the 602 townhouses recorded as being occupied within the Westmead suburb, 199 or 33.1% were under occupied. Specifically, there were 69 or 33.8% of two bedroom dwellings which had only one person living within the dwelling.

This highlights a potential market for a person looking to downsize while remaining within the locality.

Table 6: Persons usually resident by number of bedrooms (detached dwellings & townhouses)

	Detached dwellings								Townhouses					
	None*	One	Two	Three	Four	Five	Six	Total	None	One	Two	Three	Four	Total
One person	0	11	77	63	10	3	0	164	9	36	69	15	17	146
Two persons	0	7	83	117	28	5	0	240	0	13	53	44	31	141
Three persons	0	0	31	88	43	7	6	175	0	6	48	72	23	149
Four persons	0	0	22	90	54	19	5	190	0	0	26	68	25	119
Five persons	0	0	7	40	37	14	5	103	0	0	8	25	5	38
Six persons	0	0	0	12	14	13	5	44	0	0	0	9	0	9
Seven persons	0	0	0	7	5	8	0	20	0	0	0	0	0	0
Eight or more persons	0	0	0	6	4	0	0	10	0	0	0	0	0	0
Total	0	18	220	423	195	69	21	946	9	55	204	233	101	602

Source: ABS table builder 2011, Persons, Location on Census Night, excludes not stated and non-applicable * includes bedsitters

Average household size (apartments)

The average household size for apartments within the Westmead suburb was 2.5 in 2011. This was greater than that recorded for both the Parramatta LGA and Greater Sydney (2.2 and 2.0 respectively). This may indicate an over occupancy in one and two bedroom apartments resulting from an undersupply of one bedroom apartments.

Table 7: Average persons per dwelling (apartments)

	Dwellings	population	Average persons per dwelling
Westmead	3,319	8,279	2.5
Parramatta LGA	18,981	42,197	2.2
Greater Sydney	391,889	787,323	2.0

Source: ABS 2011 Census community profiles

What dwellings do lone person live in

Household type by number of bedrooms

Of the 824 lone person households, 649 or 78.8% resided within a dwelling with two or more bedrooms. This is compared to around 60% of lone person households within Greater Sydney residing within a dwelling with two or more bedrooms.

Interesting, 3,297 or 83% of dwellings with a couple or family with no children resided within a two bedroom dwelling. It would be reasonable that a proportion of this household category would be in the market for one bedroom dwellings for affordability reasons.

Table 8: Household composition by number of bedrooms (all dwelling types)

	Couple family with no children	One family household ⁴	Multiple family household ⁵	Lone person household	Group household	Total
None (includes bedsitters)	12	4	10	7	16	49
One bedroom	54	111	10	168	5	294
Two bedrooms	3,297	2,034	314	609	373	3,330
Three bedrooms	609	379	180	35	120	714
Four bedrooms	0	0	0	5	0	5
Five bedrooms	0	0	0	0	0	0
Total	3,972	2,528	514	824	514	4,392

Source: ABS table builder 2011, Persons, Location on Census Night, excludes not stated and non-applicable * includes bedsitters

Lone persons by dwelling type and bedroom number

A high proportion of lone person households reside within a dwelling with two or more bedrooms (80.5%). Specifically, of the 821 lone person households that lived within apartments, 79.2% resided within a dwelling with two or more bedrooms.

Interesting, 95.6% of lone person households that lived within a detached dwelling did so in a dwelling within two or more bedrooms. This highlights a potential downsizing market within Westmead.

Table 9: Lone person household type by dwelling and number of bedroom

	Detached dwellings	Townhouses	Apartments	Total
None (includes bedsitters)	0	7	6	13
One bedroom	8	40	165	213
Two bedrooms	84	70	616	770
Three bedrooms	70	19	31	120
Four bedrooms	14	16	3	33
Five bedrooms	7	0	0	7
Six bedrooms or more	0	0	0	0
Total	183	152	821	1,156
Proportion in 2+ bedroom	95.63%	69.08%	79.17%	80.45%

Source: ABS table builder 2011, Persons, Location on Census Night, excludes not stated and non-applicable and dwelling categories not stated in table

⁴ Includes: One family household: Couple family with no children; One family household: Couple family with children; One family household: One parent family; and One family household: Other family

⁵ includes: Two family household: Couple family with no children; Two family household: Couple family with children; Two family household: One parent family; Two family household: Other family; Three or more family household: Couple family with no children; Three or more family household: Couple family with children; Three or more family household: One parent family; Three or more family household: Other family

What age groups are predominately lone person households?

1,201 or 41.8% of residents classified as a lone person household within the Westmead suburb were within the age cohort of 15-44 years.

Interesting, 73.7% of couples or families with no children were also within this age cohort. It would be reasonable that this household category would be in the market for one bedroom dwellings for affordability reasons.

Table 10: Household type by age composition

	Lone person household	Couple family with no children	Total
0-14 years	1.42%	0.12%	0.54%
15-29 years	14.65%	40.71%	32.27%
30-44 years	27.14%	32.97%	31.09%
45-59 years	24.98%	10.57%	15.23%
60-74 years	17.32%	10.53%	12.73%
75+ years	14.49%	5.10%	8.14%
Total	100.00%	100.00%	100.00%

Source: ABS table builder 2011

Mortgage & rental stress within Westmead

Housing stress is a metric used to describe a situation where the cost of housing is high relative to the household income. As a rule of thumb, housing stress is defined as where housing (rent or mortgage repayments) are 30% or more of gross household income⁶.

It must be noted that while this figure provides a useful benchmark of housing affordability, the definition of affordability varies according to a household's individual circumstances.

HillPDA has cross tabulated household income bands by mortgage or rental repayment bands. The midpoint within these income or repayment bands was taken and proportioned. Where the repayment was 30% or more of the household income, the household was classified as being in stress.

Households where their income or repayment was not stated, partially stated or not applicable were excluded.

⁶ NSW Affordable Housing Ministerial Guidelines 2016-2017

Housing stress

The table below highlights that of the 1,024 households with a mortgage in 2011, 344 or 34% spent over 30% of their household income on their mortgage repayment. These households would be classified as being in stress.

Although this proportion was lower than that experienced across the wider LGA and Greater Sydney region, this still remains a high proportion of households experiencing stress. A Plan for Growing Sydney acknowledges that Sydney's housing prices are high compared to other Australian capital cities.

To help alleviate these high prices, the Plan highlights that governments can *help to put downward pressure on prices. Accelerating the supply and the variety of housing across Sydney, such as apartments and townhouses, will make it easier for people to find homes to suit their lifestyle and budget.*

Delivering houses in greenfield and urban renewal locations (such as Westmead in close proximity to existing and planned infrastructure and employment) will help people to live closer to family and friends, to workplaces and schools, and to the services they use on a daily or weekly basis.

Table 11: Housing stress – mortgage repayments

	Westmead	Parramatta LGA	Greater Sydney
Total households	5,515	63,564	1,723,055
Total households not applicable	4,491	48,080	1,277,670
Total households applicable	1,024	15,484	445,385
Total households in stress	344	5,994	162,245
% repaying 30%+ of household income on mortgage	34%	39%	36%

Source: ABS 2011

The table below highlights that of the 2,686 households that were renting their dwelling as of 2011, 867 or 32% spent over 30% of their household income on their rental repayments. These households would be classified as being in stress.

Although this proportion was lower than that experienced across the wider LGA and Greater Sydney region increased dwelling supply and a higher proportion of one bedroom apartments could help alleviate some of this stress.

Table 12: Housing stress – rental repayments

	Westmead	Parramatta LGA	Greater Sydney
Total households	5,515	63,564	1,723,055
Total households not applicable	2,829	44,384	1,315,242
Total households applicable	2,686	19,180	407,813
Total households in stress	867	8,141	173,083
% repaying 30%+ of household income on rent	32%	42%	42%

Source: ABS 2011

Dwelling affordability

Westmead suburb recorded 233 apartment sales in 2016. Although Westmead is more affordable when compared to the Parramatta LGA in relation to apartment prices, the fact that the median sale price for an apartment within Westmead increased, while across the LGA it decreased, may further represent an under supply of dwellings within Westmead⁷.

Table 13: Median apartment sale prices

	Westmead	Parramatta LGA
Jan-16	\$560,000	\$640,000
Dec-16	\$562,000	\$605,000
Growth	\$2,000	-\$35,000
% growth	0.4%	-5%

Source: Corelogic

An analysis of one and two bedroom apartments sold within the Westmead suburb in 2016 and 2017 reveals that the median price for one bedroom apartments increased by \$25,250 or 5.8% over the period. This is compared to two bedroom apartments which remained stable at \$555,000. This indicates that the undersupply in one bedroom apartments has increased the price at a greater rate when compared to more available two bedroom apartments.

Table 14: Median apartment sales for one and two bedrooms

	Apartments sold			Median	
	2016	2017	2016	2017	Growth
One bedroom	8	4	\$437,500	\$462,750	\$25,250
Two bedroom	153	35	\$555,000	\$555,000	\$0

Source: Corelogic

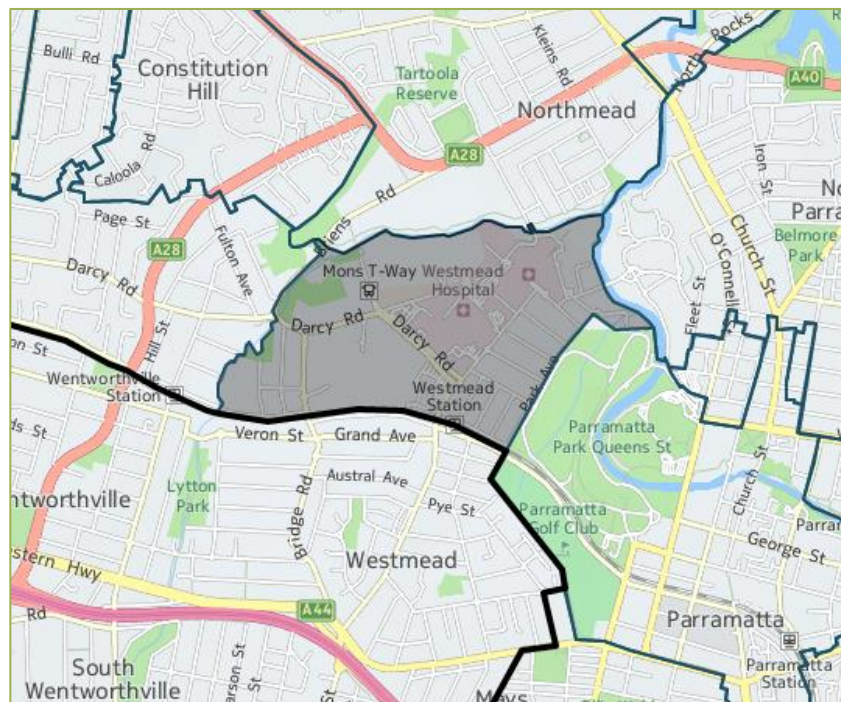
⁷ Corelogic

4 HOUSING SUPPLY & DEMAND

The following Chapter undertakes a review of the development pipeline within the Westmead suburb. Assessment of local dwelling, household and population projections were undertaken to assess the demand likely demand for the provision of one bedroom apartments.

Forecast id provides population and dwelling projections for an area referred to as Westmead (Figure 1), hence referred to as the Westmead precinct. This area is smaller than the wider Westmead suburb.

Figure 1: Westmead Forecast id area (grey highlight)



Source: Forecast id

Key findings

- Persons within the 15-44 years age group are projected to increase by 1,709 persons, representing 44.5% of the projected growth in population to 2036;
- To accommodate this growth an additional 1,413 dwellings would be required;
- The average household size increases from 2.55 to 2.57 persons per dwelling between 2011 and 2036;
- Household type forecasts show that just under half of the households in 2036 will contain between one to two persons.

Given that the development pipeline within the Precinct is predominantly apartment dwellings (discussed later) and that a significant proportion of growth is proportioned to the 15-44 age group and lone persons / couple/family without children households, it would be reasonable to assume that the average household size would decrease over time.

- Theoretically, there would be a demand for up to 334 additional one bedroom apartments from the growth in lone persons households alone between 2011 and 2036.
- There are 1,031 apartments within the development pipeline for the Westmead precinct, of which, 911 or 88% are attributed to the subject site.
- The bedroom mix within these developments for studio and one bedroom apartments exceed that outlined within the DCP.

This reveals that developers within the Westmead precinct are seeking to increase their studio and one bedroom component, indicating the demand for this product.

- Given the subject site's proximity to Westmead station and the proposed Parramatta Light Rail Stations, the subject site is uniquely positioned to provide a high density transit orientated development and dwellings for key workers.
- Increased provision in one bedroom apartments would be meeting a projected demand from lone persons and couple families without children households.

Studio and one bedroom apartments would also be meeting a future demand from the significant increase projected for persons within the age cohort of 15-44 years. This age cohort is the primary occupier of apartment style dwellings.

- Increased provision of one bedroom apartments could also provide additional choice for downsizers.

Population projections

Forecast id projects that the population of Westmead precinct will increase from 8,145 persons to 11,982 persons by 2036. This represents an increase of 3,837 persons or 47.1% over the period.

Of this growth 1,709 persons or 44.5% are within the 15-44 years age cohort.

Table 15: Population projections – Westmead precinct

	2011	2026	2036	Growth	% of growth
0-14 years	1,474	2,010	2,215	741	19.3%
15-29 years	2,370	2,833	2,883	513	13.4%
30-44 years	2,799	3,644	3,995	1,196	31.2%
45-59 years	821	1,179	1,435	614	16.0%
60-74 years	359	618	725	366	9.5%
75+ years	322	577	729	407	10.6%
Total	8,145	10,861	11,982	3,837	100%

Source: Forecast id

Dwelling projections

Forecast id projects that 1,413 additional dwellings would be required by 2036 to accommodate the projected population growth.

Interestingly, the average household size is projected to increase from 2.55 persons per dwelling to 2.57 persons per dwelling over this period.

Given that the development pipeline within the precinct is predominantly apartment dwellings it would be reasonable to assume that the average household size would decrease over time

Table 16: Dwelling projections – Westmead precinct

	2011	2021	2036	Growth	% growth 11-31
Population	8,145	10,860	11,981	3,836	47.1%
Dwellings	3,138	4,071	4,551	1,413	45.0%
Average household size	2.55	2.60	2.57	0.02	1.0%

Source: Forecast id

Household type projections

The number of households within the Westmead precinct is projected to increase by 1,377 households or 46% over that recorded in 2011.

Of this growth in households 334 households or 24% are projected to be lone person households, while 323 households or 23% are projected to be couples without children.

This implies that just under half of the households in 2036 will contain between one to two persons - theoretically, there would be a demand for up to 798 additional one bedroom apartments from the population growth alone between 2011 and 2036.

Table 17: Household type projections

	2011	2021	2036	Growth	% of growth
Couple families with dependents	940	1,259	1,404	464	33.7%
Couples without dependents	765	1,000	1,088	323	23.5%
Group households	243	309	328	85	6.2%
Lone person households	695	890	1,029	334	24.3%
One parent family	173	263	292	119	8.6%
Other families	151	185	203	52	3.8%
Total	2,967	3,906	4,344	1,377	100%

Source: Forecast id

Development pipeline

Analysis of the development pipeline reveals three projects providing apartments, including the subject site, within the Westmead precinct.

These developments have the potential to deliver 1,031 apartments with a mixture of 5% studio apartments, 54% 1 bedroom, 36% two bedroom and 5% three bedroom apartments.

If the subject site is removed from the pipeline then only 120 apartments remain within the pipeline. This highlights the role the subject site provides in the Westmead precinct meeting its forecast dwelling targets.

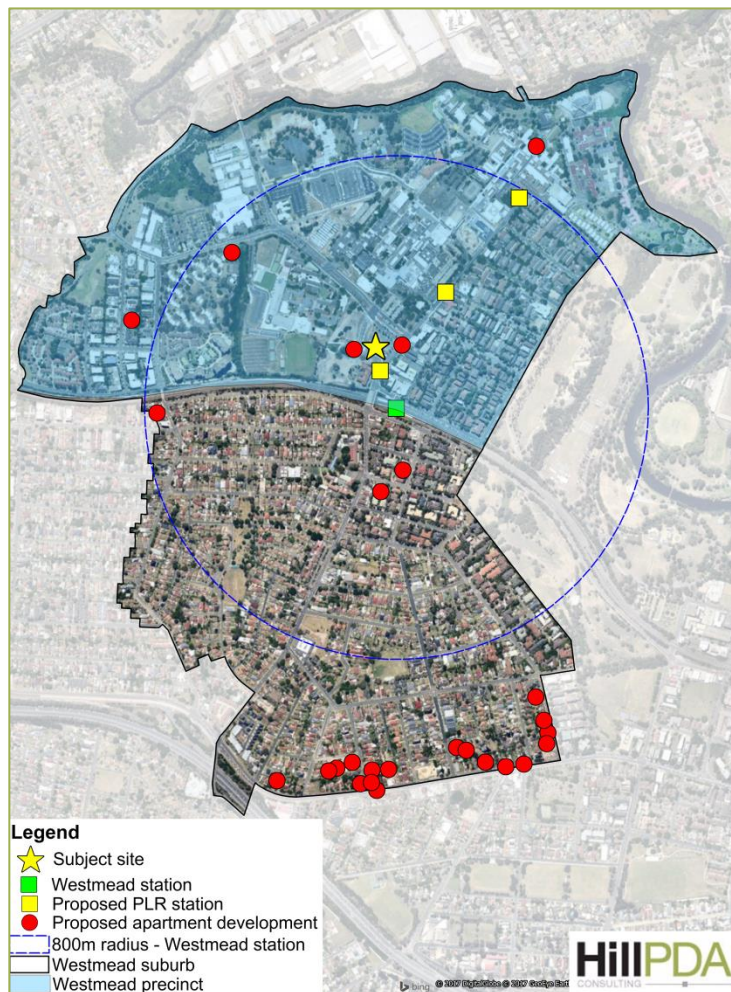
Table 18: Development pipeline

	Studio	1	2	3	Total
2017	11	34	15	0	60
2018	3	12	44	1	60
2020+	33	513	317	48	911
Total	47	559	376	49	1,031

Source: CordellsConnect - excludes the Ronald McDonald House project

The majority of apartments within the development pipeline for the wider suburb are located on the southern border of Westmead along the Great Western Hwy. However, given the subject site's proximity to Westmead station and the proposed Parramatta Light Rail (PLR) stations, the subject site is uniquely positioned to provide a high density transit orientated development for future residents, key workers and visitors.

Figure 2: Development pipeline



Source: HillPDA, CordellsConnect

5 DWELLING RECOMENDATION

Based on our key findings from the previous chapters, this Chapter projects the demand for additional dwellings within Westmead precinct and attributes these to the household types projected by Forecast id. Some high level assumptions are then made on these regarding the demand for additional one bedroom apartments.

Revised dwelling projection

HillPDA has revised the dwelling projections for the Westmead precinct based on the following findings and assumptions:

- Given that the land zoning within the Westmead precinct is B4 Mixed Use and R4 High Density Residential it has been assumed that future dwelling supply within Westmead precinct would comprise apartment style dwellings.
- The main population projection would be within the 15-44 age group – this age group predominantly resides within apartment dwellings and comprises the bulk of lone person households within the Westmead suburb.
- Given that the future dwelling stock is likely to comprise apartments and that 48% of additional households are projected to comprise lone persons or couple/ families without children – HillPDA has applied a declining average household size with it stabilising at the average household size for apartments within Parramatta LGA, as of 2011.

HillPDA projects that there would likely be a demand for an additional 2,259 dwellings within the Westmead precinct between 2011 and 2036.

This is 375 dwellings higher than that projected by Forecast id however, this maybe more reflective of the high proportion of lone person and couple/ family without children households projected by Forecast id.

Table 19: revised dwelling projections

	2011	2021	2036	Growth	% growth 11-31
Population	8,145	10,860	11,981	3,836	47.10%
Dwellings	3,138	4,661	5,397	2,259	45.00%
Average household size	2.55	2.33	2.22	0.33	-12.94%

Source: Forecast id and HillPDA

HillPDA then applied the proportion of household types projected by Forecast id to the above revised dwelling projections.

Using this methodology HillPDA found that:

1. Dwellings occupied by couple families without children and lone persons is projected to increase by 1,086 dwellings. It would be expected that of these households would be more likely to occupy one bedroom apartments.
2. The demand for studio and one bedroom apartment would likely be higher resulting from the existing under and over occupation of the existing apartment dwelling stock;
3. The recent announcement of infrastructure investment within the Precinct could further increase the potential for additional residential densities and subsequent dwelling growths; and
4. The Precinct could potentially provide an additional 31,306 jobs⁸ by 2036 – further increasing the demand for dwellings in close proximity to these key workers place of work.

Table 20: Dwelling projections by household type

	2011	2016	2036	Growth
Total dwellings	3,138	4,661	5,397	
Couple families with dependents	31.7%	32.2%	32.3%	0.6%
Couples without dependents	25.8%	25.6%	25.0%	-0.7%
Group households	8.2%	7.9%	7.6%	-0.6%
Lone person households	23.4%	22.8%	23.7%	0.3%
One parent family	5.8%	6.7%	6.7%	0.9%
Other families	5.1%	4.7%	4.7%	-0.4%
Implied dwellings	2011	2016	2036	
Couple families with dependents	994	1,502	1,744	750
Couples without dependents	809	1,193	1,352	543
Group households	257	369	407	150
Lone person households	735	1,062	1,278	543
One parent family	183	314	363	180
Other families	160	221	252	92
Total dwellings	3,138	4,661	5,397	2,259

Source: Forecast id and HillPDA

Subject site locational considerations

In providing justification for the provision of an increased component of one bedroom apartments on the subject site, there are a few

⁸ Westmead Innovation District: Building Western Sydney's jobs engine Strategic Vision 2016-2036, Deloitte

other locational factors for consideration. These include the following:

- The subject site is located in close proximity to existing and proposed transport infrastructure, being 90m from Westmead Railway Station and adjacent to one of the proposed PLR station location and within 400m of another proposed station;
This unique location increases the site's connectivity to employment, retail facilities and public infrastructure for future residents;
- Proposed major investment projects in Westmead include:
 - The Westmead Redevelopment Stage 1 (including Westmead Hospital and the Children's Hospital at Westmead);
 - The Children's Medical Research Institute (stages 2-5);
 - The Westmead Innovation Centre; and
 - The Westmead Institute for Medical Research.

The subject site is located in the last large vacant site area within the Westmead precinct's mixed use and residential zoned land and provides a unique location to provide increased dwelling choice for the projected additional 31,306 workers resulting from the above major projects.

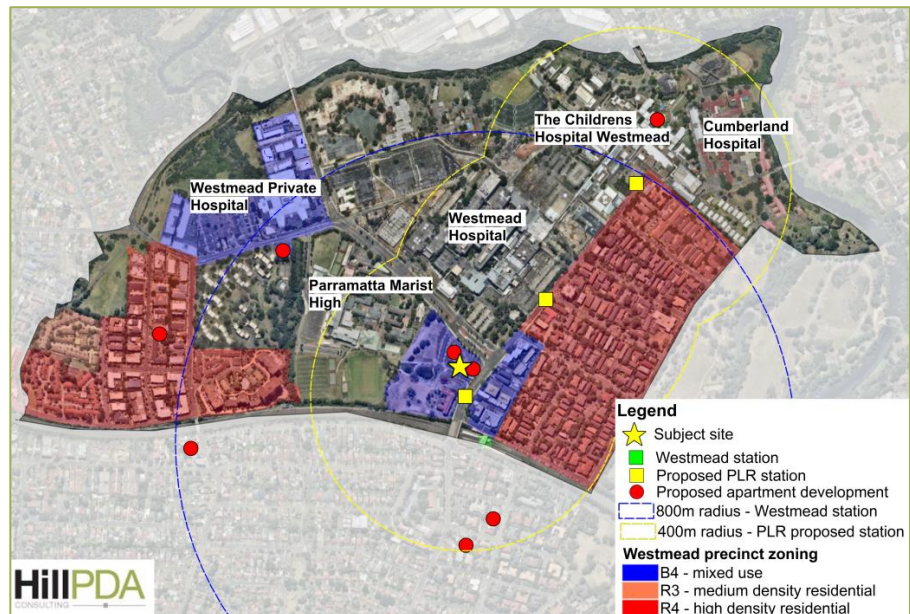
- From a high level economic assessment the existing floor space ratios (FSR) within land zoned high density east of Hawkesbury Road, within Westmead precinct, are unlikely to incentivise redevelopment. This is because the existing build form is possibly around an FSR of 1:1 and the costs associated with acquisition, amalgamation, construction and soft costs would likely require FSR that exceeds that currently provided to achieve a financially viable redevelopment.

The unattractiveness of this area for redevelopment is also likely to further reduce the potential residential pipeline, further indicating the importance of the subject site in the precinct meeting its dwellings targets;

- The subject site is located in close proximity to surrounding education facilities such as Parramatta Marist High, Westmead Public School and KU Wentworthville Preschool; and
- The subject site is in close proximity to existing open space including Shannons Paddock, Parramatta Park and Wisteria Gardens.

The above analysis highlights that there is no other equivalent consolidated site in this location with the capacity to provide high density residential accommodation. This site will assist the Westmead precinct to meet its projected growth in population.

Figure 3: Subject site locational attributes



Source: HillPDA

Conclusion

The provision of additional studio and one bedroom apartments on the subject site above that stipulated in Parramatta DCP would be meeting current and future demand.

HillPDA has projected that the Westmead precinct would likely require an additional 2,259 dwellings over the period from 2011 to 2036 to house its projected growth in population.

Of these dwellings upwards of 1,086 dwellings are likely to be occupied by lone person and couple families without children households. It is considered reasonable that these households are likely to predominantly occupy one bedroom apartments as a result of affordability and bedroom requirement reasons.

Without the provision of the proposed, one bedroom apartments on the subject site there is insufficient dwellings within the pipeline to meet this projected demand.

From a high level economic assessment the existing floor space ratios (FSR) within land zoned high density east of Hawkesbury Road, within Westmead precinct, are likely not efficient to incentivise

redevelopment. This is because the existing build form is likely around an FSR of 1:1 and the costs associated with acquisition, amalgamation, construction and soft costs would likely require FSR that exceeds that currently provided to achieve a financially viable redevelopment.

It is noted that planning controls within this area are likely to be reviewed upon completion of the PLR. However, the subject site is uniquely placed in the short term is to provide additional dwelling supply and choice within the precinct.

As such, the provision of 911 dwellings on the subject site with a high proportion of studio and one bedroom apartments would be addressing this future demand at a more affordable price point while also helping to alleviate local housing stress and meeting the current market for downsizers.

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