

Memo – Market Economic Review

110 George Street, Parramatta – Dwelling Mix

To: Sydney Central City Planning Panel (SCCPP)

From Ethos Urban – Lee Cikuts

CC: City of Parramatta

Date: 10 June 2025

Re: 110 George Street, Parramatta – Dwelling Mix

DA No: DA/327/2024

Project No: 2220276

Background and Context

This memo presents a high-level market economic review of the proposed dwelling mix at the subject site (and specifically 3-bedroom dwelling allocation) in the context of the local market and demographic requirements. This memo has regard to feedback from Council and build-to-rent (BTR) operators who were approached in consideration of the proposed BTR operation at 110 George Street, Parramatta.

The below table outlines the proposal's current mix compared against the mix as per Council's Deferred Commencement requirement provided in the draft Notice of Determination.

Apartment types/yield	Proposed Mix	Council Preferred Mix
Studio	68 (17.8%)	60 (16.2%)
1 Bed	139 (36.4%)	131 (35.4%)
2 Bed	148 (38.7%)	140 (37.8%)
3 Bed	27 (7.1%)	39 (10.5%)
Yield	382 apartments	370 apartments

It is understood that Council is seeking to maintain a 10% minimum allocation to 3-bedroom units due to the suggested alignment with market and community need. As a result, this memo presents key demographic and market considerations as it relates to the suburb of Parramatta (which incorporates the subject site), and BTR operator considerations. The memo draws on findings from the ABS and the Build to Rent Advisory Services Report prepared by EY in May 2024.

Parramatta (suburb) Demographic Profile and Housing Need

A review of the Parramatta (suburb) profile suggests a higher proportion of smaller units at the subject site is highly appropriate due to the following:

- **Average household size is declining:** The average household size in Parramatta is 2.4 persons per household (as at the 2021 Census), having decreased from 2.6 persons per household as at the 2016 Census.
- **High proportion of the population rent:** 70.2% of occupied private dwellings in Parramatta are rented (an increase from 68.4% in 2016), with the rate currently double the Greater Sydney benchmark at 35.9% of all occupied private dwellings.

- **High levels of households in rental stress:** *defined as more than 30% of household income paid in rent*, some 24.3% of all households are experiencing rental stress in Parramatta (as at the 2021 Census).
- **Households are relatively small with fewer children per household:** Of all households in Parramatta, the average number of children is 0.5 (and 1.5 children per family household). This compares to 0.8 for all households in Greater Sydney (and 1.8 children per family household).
- **Average number of bedrooms per dwelling is low:** the average number of bedrooms per dwelling is 2.1 (as at the 2021 Census), having remained stable since the 2016 Census. This compares to the Greater Sydney average of 3.0 bedrooms per dwelling. Furthermore, around 12.8% of existing private dwellings remain unoccupied in Parramatta, having increased from 7.5% in 2016.

Within Parramatta, the average number of persons per bedroom is 1.2 (as at the 2021 Census).

As such, a typical household would require 2-bedrooms (based on the average household size of 2.4 persons per household and average number of persons per bedroom of 1.2).

- The proposed dwelling mix is aligned to the needs of the immediate local community and supports the changing nature over time, including a trend towards smaller household sizes.

Engagement with BTR operators

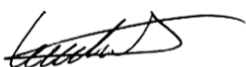
- The Build to Rent Advisory Services Report prepared by EY in May 2024 outlines that the typical provision of 3-bedroom apartments in comparable BTR projects is 5% of all dwellings (*refer p13*). This reflects the nature of the BTR asset class, with a higher proportion of BTR occupants who are a higher income, younger population who typically form smaller households, including a higher share of lone persons and couples without children. This aligns with the Parramatta demographic profile (*refer p38 of EY report*).
- It is understood based on information provided, that through discussions with potential future BTR operators at the subject site, all groups requested a minimal 3-bedroom unit allocation of circa 2-3% of total dwellings. Further, these groups advised that the reason for a low allocation is that there is not community or market demand for a higher provision of larger unit typologies. This is highlighted through the fact that the majority of 3-bedroom units in BTR developments remain unoccupied due to the limited alignment with market and occupier needs.
 - *Seven (7) BTR operators were consulted over the past three years including major operators such as Greystar, Unilodge, Charter Hall and Local.*
 - *All groups said 7% exceeded an acceptable level for a BTR asset.*

Conclusion

- The smaller dwelling mix, including a 7% allocation of all dwellings to 3-bedroom units, is highly appropriate in the context of market need implied by the local Parramatta (suburb) community demographic profile. This includes a local resident population characterised by a high proportion of young, affluent, professionals in small household typologies who typically rent. As such, the local market is not only strongly aligned to the BTR asset class but would also align strongly with a smaller unit mix proposed.
- Through the provision of fewer, 3-bedroom units in favour of studio, 1-bedroom and 2-bedroom units, the proposal would support an increase in rental housing supply, in a high amenity, highly accessible, strategic location in the heart of Parramatta. Such an offer would align strongly with the local market need as well as attract interest from potential BTR operators.
- Should a larger provision of 3-bedroom units be required (as proposed by Council) at the subject site, there is the very real risk that the project may not proceed given limited BTR operator interest under such a requirement (highlighted through engagement with numerous BTR operators). Should the project not proceed, this would be a substantial loss to potential housing supply, housing diversity and ultimately housing affordability that would otherwise have been delivered and aligned with market demand and community needs.

I trust that this meets your requirements.

Regards,



Lee Cikuts

Director – Economics