

Traders
In
Purple

sydney
anglicans⁺
ANGLICAN CHURCH
GROWTH CORPORATION

Property Market Report

Prepared for Traders in Purple
November 2023





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Executive Summary

Background & Scope

Executive Summary

Background

Traders in Purple have partnered with Sydney Anglicans to pursue a planning proposal for the landholdings at 171-179 Great North Road & 1A – 1B Henry Street, Five Dock within the Canada Bay Local Government Area (“the site”). The site is located adjacent to the western entrance to the Five Dock Metro Station, which is expected to become operational in 2030.

Specifically, the Planning Proposal seeks to amend the *Canada Bay Local Environmental Plan 2013* as follows:

- Amend the height of buildings control from 15m to 75m, and
- Amend the floor space ratio control from 2.5:1 to 4.5:1.

Scope

Traders in Purple have engaged JLL to undertake a property market report that:

- Provides context on the Sydney housing market, with a particular focus on the Canada Bay LGA and the suburb of Five Dock.
- Identifies forecast housing supply within the Canada Bay LGA.
- Identifies the implications of the Sydney Metro West project on the locality.



Overview of Proposed Development

Executive Summary

Site Context

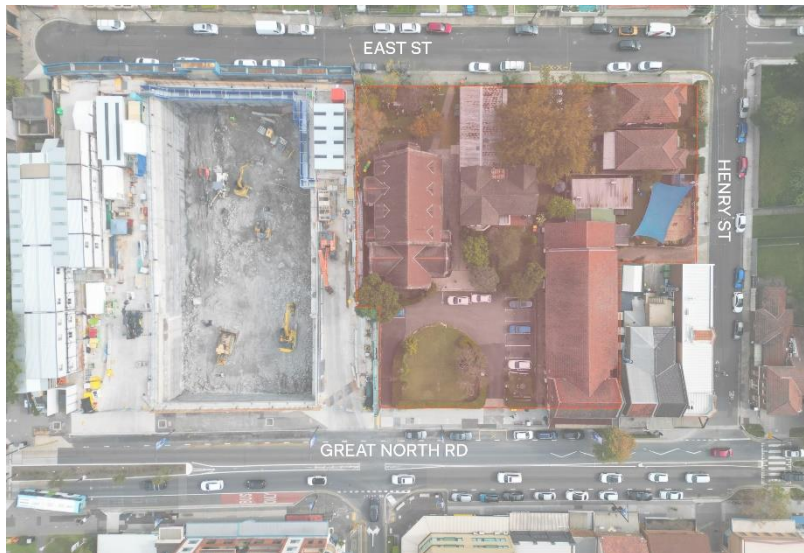
The site is located at 171-179 Great North Road & 1A – 1B Henry Street, Five Dock and is within the City of Canada Bay Local Government Area (Canada Bay LGA). It consists of seven lots and is legally known as Lots 4, 5, 6, 7, 8 and 9 of DP17324 and Lot 1 of DP1258912. The site has an approximate total land area of 4,076 m².

The site is bounded by Great North Road in the east, Henry Street in the north, East Street to the west and 169 Great North Road to the south, which forms part of the future Five Dock Metro station site. The existing improvements contained within the site consists of St Alban's Anglican Church, Rectory and Hall/Shops, two red brick detached dwellings, as well as associated parking and landscaping.

The Anglican Church has occupied the site since 1859 and continues to be an active parish with services and events occurring on the site. The hall is also leased for a variety of uses including dance classes, church functions and general community events.

The site is located directly north of Five Dock Metro station (under construction), which is planned to be operational by 2030. The site's location and context are shown in the following figures.

Figure: Site Aerial Photo



Source: Carter Williamson

Figure: Local Context Map



Source: Carter Williamson

Overview of Proposed Development

Executive Summary

Proposal

The Planning Proposal seeks to deliver increased housing, commercial and retail land uses within a highly accessible location which will optimise the infrastructure investment of Sydney Metro West.

Specifically, the Planning Proposal seeks to amend the Canada Bay Local Environmental Plan 2013 as follows:

- Amend the height of buildings control from 15m to 75m, and
- Amend the floor space ratio control from 2.5:1 to 4.5:1.

A reference design scheme has been prepared by Carter Williamson which demonstrates how the site is intended to be developed under the proposed amendments.

The reference design scheme supports a mixed-use development at the site that responds to the significant infrastructure investment that is Sydney Metro West, whilst considerate to the existing local character and heritage buildings. Key elements of the reference design are as follows:

- Demolish existing buildings and structures with the exception of St Alban's Anglican Church, St Alban's Anglican Church Rectory and St Alban's Church Shops,
- Two x 20 storey mixed use buildings with four storey podium levels to accommodate:
 - Ground floor Retail, Community/ Church facilities
 - Commercial and Community/ Church facilities – level 1
 - Residential and Church facilities – level 2-3
 - Residential – levels 4-19

- Podium level common enclosed and outdoor spaces (NW tower only)
- Rooftop common enclosed and outdoor spaces (SE tower only)
- Rooftop plant and lift overruns (both towers)
- Basement level car parking for Church, residents, commercial, Childcare and retail use and associated services, plant, storage, etc.
- A 4 storey building and rooftop open space area to the rear of St Alban's Church Shops to accommodate a future childcare centre that includes the former shop building on 2 levels to the street,
- A new Hall behind St Alban's Church Rectory on East Street, with two levels of church facilities over and rooftop open space,
- A new publicly accessible open space and through site link within the site linking Henry Street with the new Metro Station,
- A new covered forecourt area (not fully enclosed) in front of St Alban's Church along East Street, and
- Restoration, maintenance and renovation works of existing St Alban's Church, Rectory and Shops.

Key Findings

Executive Summary

- 01** Sydney is currently in the midst of a housing crisis, driven by strong demand and lack of available supply. This is evident in the Canada Bay LGA.
- 02** Canada Bay LGA is not forecast to meet current housing targets, and indications from government initiatives are that these targets could increase.
- 03** The Five Dock Metro Station will provide catalytic infrastructure to the suburb and will play an important role in the delivery of housing in the LGA.
- 04** The existing height of building controls in proximity to the Five Dock Metro Station are significantly lower than stations with similar CBD travel times and generally lower than those with longer travel times.
- 05** The proposed development is supported by its direct proximity to the new metro site and provides an opportunity to ease the future housing deficit.



Sydney's Housing Market Context & Current Crisis

Current Housing Market Context

Sydney's Housing Market Context & Current Crisis

Sydney's high dwelling prices and debt levels mean a large portion of households will continue to be heavily constrained in making housing decisions.

The supply pipeline of units within Sydney has fallen sharply over recent years due to various market challenges such as inflated construction costs and the COVID-19 pandemic. As such, few high-density projects have commenced recently, with many major construction companies now avoiding high-density residential in favour of safer infrastructure work. Securing a builder has become a significant challenge for developers, particularly in smaller markets.

Affordability and credit constraints are pushing more buyers into a unit price range, but investor demand remains limited which is keeping pre-commitments of new unit projects moderate. However, demand for quality new boutique unit projects remains robust, driven largely by downsizers. This demand is seeing enough growth in off-the-plan sale prices at this end of the market to cover high project costs (which is not the case for mass-market projects).

Sydney's rental vacancy remains at records lows (1.2% in October 2023) and as a result asking rents continue to rise rapidly. It is expected that vacancy is unlikely to improve in the short term.

Overall, Sydney's unit supply pipeline remains very moderate and unlikely to rise substantially in the next few years. With population growth rebounding to above pre-pandemic levels, new supply is likely to fall well short of underlying demand and tip market balance into under-supply, resulting in worsening vacancy and growth in unit prices.

Consequently, Sydney is facing a housing crisis.

\$753,000

Sydney Median Unit Price (12 months to Aug-23)

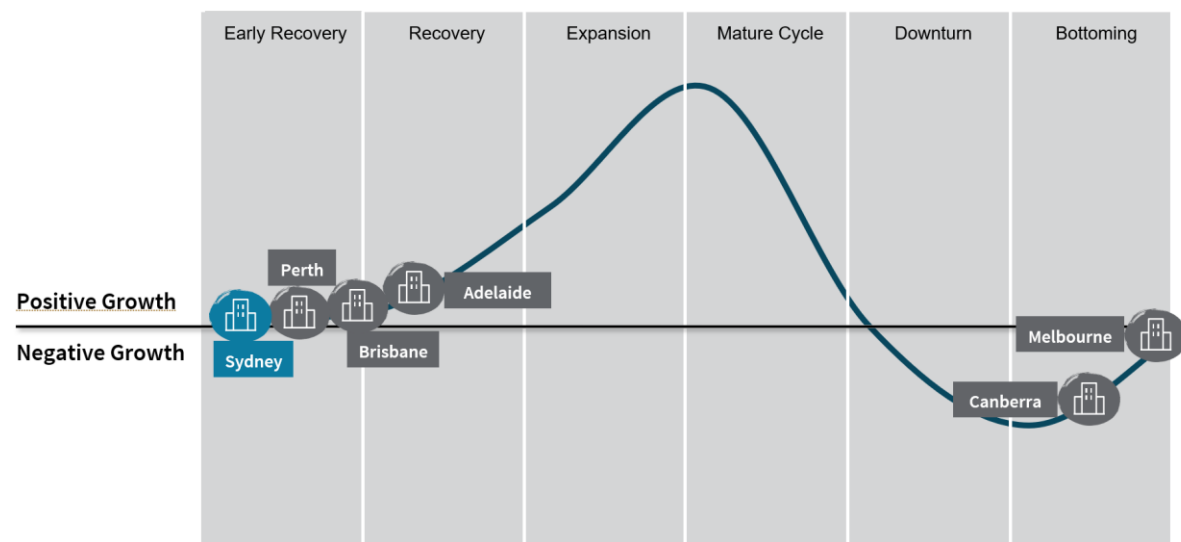
1.2%

Sydney Rental Vacancy (Oct-23)

\$690

Sydney Median Unit Asking Rent (Oct-23)

Figure: Sydney and Australian Unit Market Cycle



Source: JLL Research

Housing Policies to Address the Crisis

Sydney's Housing Market Context & Current Crisis

Federal and state government agencies have recently implemented and pursuing various policies to address the current housing market crisis. We have summarised some of the initiatives below.

National Housing Accord

The National Housing Accord is a \$350 million investment into affordable housing. This accord plans to supply more housing in well-located areas, such as near jobs, transport and other services

Over 5 years from 2024, this accord will aim to supply 10,000 affordable homes, further incentivising institutional investors to invest in affordable housing. In addition to the Federal Government commitment, state Governments have committed to supplying a further 10,000 affordable homes, resulting in a total target of 20,000 affordable homes.

As the accord calls for expedited zoning and planning reforms, NSW may experience shifts in regulatory frameworks to facilitate the development process to increase dwelling construction.

National Cabinet Housing Target

In August 2023, the National Cabinet met and agreed to an ambitious new national target to build 1.2 million new well-located homes over five years, from 1 July 2024. The NSW share will be 387,000 or 77,400 dwellings each year over the next five years. This is twice as many as the state is currently forecasted to deliver.

Off the back of the ambitious target, the NSW Government have outlined that they will establish a series of priority development zones located near public transport across Sydney, as part of a signature push to boost the state's housing supply. Importantly, this plan will include state-led priority rezonings around Sydney metro stations. Further details of the plan are currently unavailable as it is yet to receive final sign-off by cabinet.

Housing Australia Future Fund (HAFF)

In September 2023, the Federal Government passed legislation to create the Housing Australia Future Fund, which is a \$10 billion investment into social and affordable housing. This fund is expected to create a continuous housing supply across Australian markets over the coming years, providing homes for key workers and others in need.

30,000 new social and affordable rental homes are expected to be built in the fund's first 5 years.

Migration & Population Growth

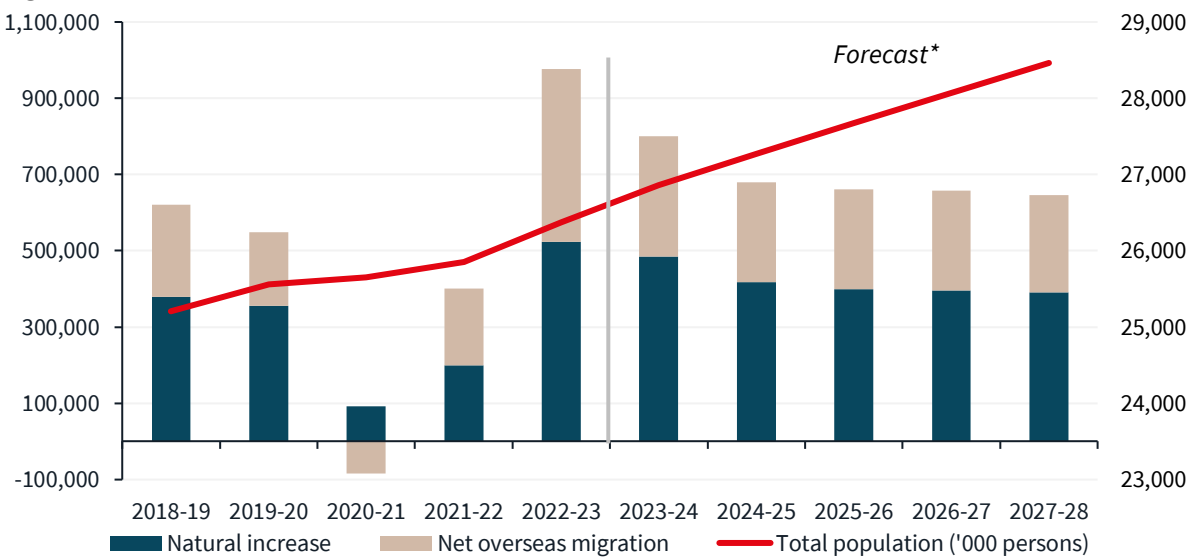
Sydney's Housing Market Context & Current Crisis

With population growth rebounding to above pre-pandemic levels, new supply is likely to fall well short of underlying demand and tip market balance into under-supply.

Australian Population Growth

Australia experienced a significant drop in population growth as a result of COVID-19 and its impact on net overseas migration. FY22 saw a bounce back in net overseas migration, at 202,000 people, however, the key recovery has taken place in FY23 with Deloitte Access Economics (DAE) recording a net overseas migration of just over 450,000 people, being the largest ever influx of population into Australia. This has largely been a result of pent up demand during the COVID-19 period. DAE forecast net overseas migration to be at or above 260,000 people each year over the next five years.

Figure: Australia Population Growth by Type (FY19 to FY28)



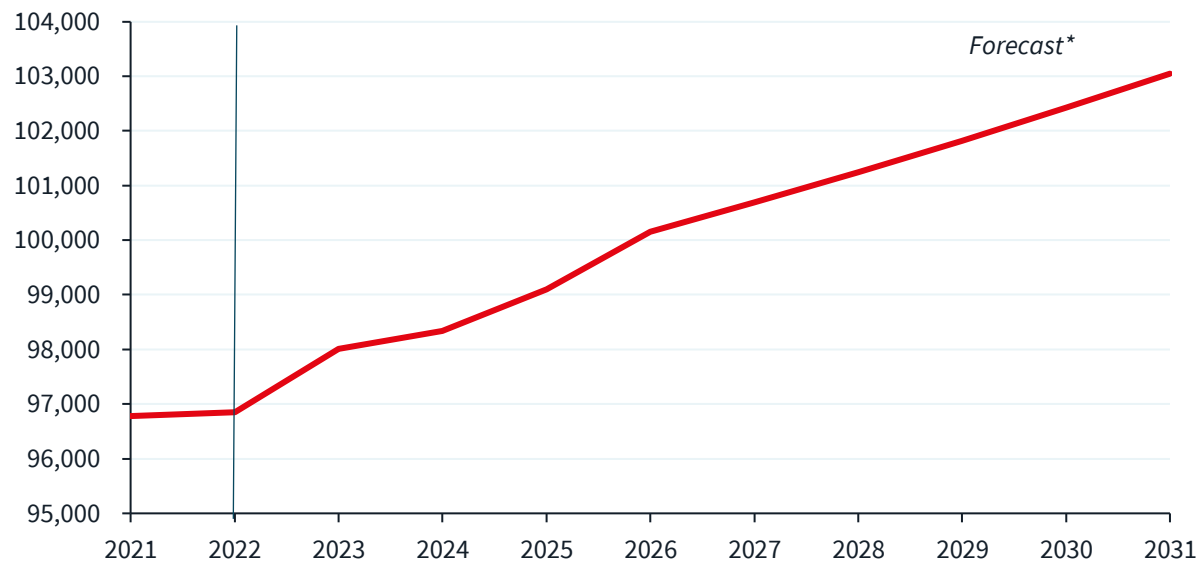
Source: JLL, DAE
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Canada Bay LGA Population Forecast

NSW Department of Planning & Environment (NSW DPE) provide population, household and implied dwelling projections across Greater Sydney and Local Government Areas (LGA).

Over the 10-year period between 2021 and 2031, the Canada Bay LGA is expected to grow by 6.5% (6,271 additional people).

Figure: Canada Bay Population Forecast



Source: NSW DPE, JLL

Affordability

Sydney's Housing Market Context & Current Crisis

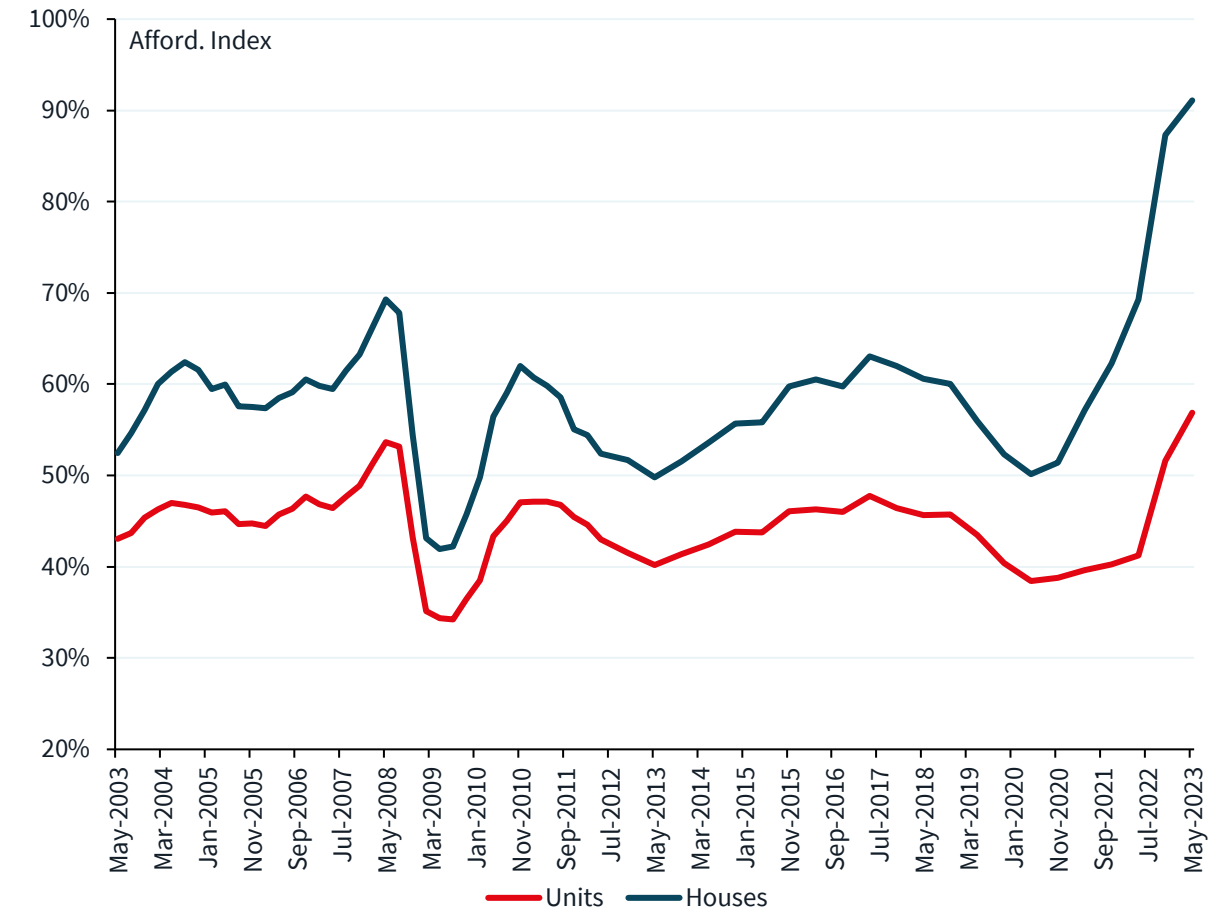
Sydney Housing Affordability Index

This section illustrates an indication of levels of affordability of houses and units across Greater Sydney. It takes into consideration the proportion of median individual income that is required to service a loan, assuming the median price for a unit or house in the city, a 30-year loan and a 20% deposit.

The opposite figure compares affordability of units with houses in the Sydney metropolitan area over the ~20 years to May 2023. Evidently Sydney house and unit affordability has reached record lows, which is largely a result of the rapid increase of interest rates over recent years.

As seen in the opposite figure, units have been significantly more affordable over the last 10 years. The gap in affordability between house and unit price has widened from 10% in May 2013 to 34% in May 2023. More purchasers (a mix of owner-occupiers and investors) are likely to be attracted to the unit market as a more affordable option.

Figure: Affordability Index – Houses and Units in Metropolitan Sydney, 2003-2023



Source: RBA, CoreLogic, ABS, JLL

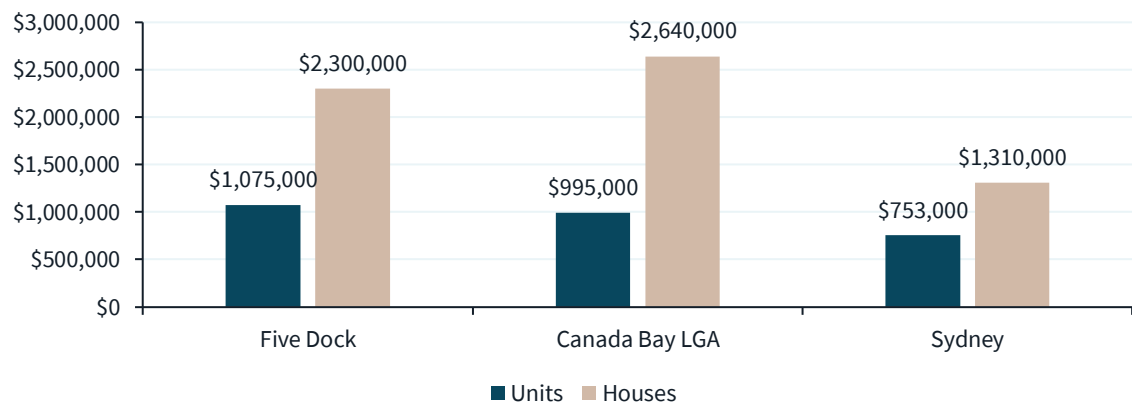
Prices

Sydney's Housing Market Context & Current Crisis

As seen in the opposite figure, Sydney unit prices have seen significant growth over the last decade compared to the other capital cities. Sydney unit prices are ~76% above their levels in December 2009. In contrast, prices in Perth and Brisbane are ~1% below and ~15% above December 2009 prices respectively. At a more local level, Canada Bay LGA unit prices are ~71% above their levels in December 2009.

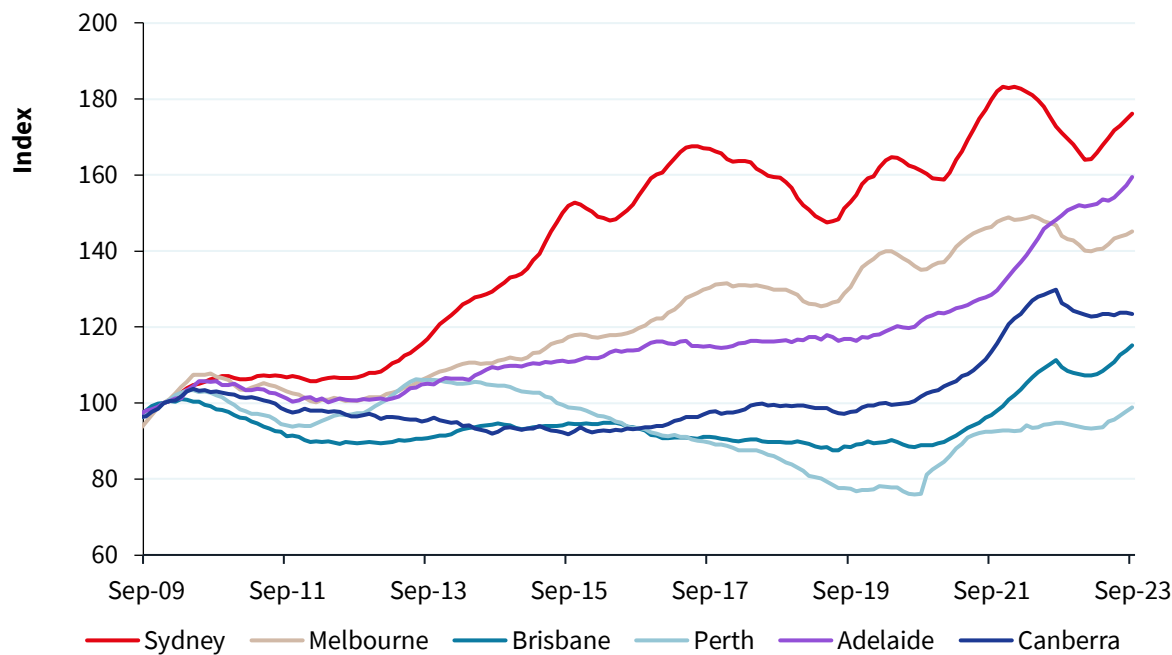
Unaffordability is pushing many buyers out of a house price point and supporting apartment demand. Median unit prices across Sydney are ~43% lower than detached housing. In comparison, Canada Bay LGA and the suburb of Five Dock median unit prices are ~62% and ~53% lower respectively. Additionally, underlying unit demand is being boosted by strong migration and foreign students returning.

Figure: Median Sale Prices for Units and Houses (12 months to August 2023)



Source: Corelogic, JLL
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Figure: Unit Price Index (December 2009 = 100)



Source: Corelogic, JLL

Local Observations

- Canada Bay LGA unit prices are ~71% above their levels in December 2009.
- Canada Bay LGA and Five Dock median unit prices are ~62% and ~53% (respectively) lower than their median house prices.

Rental Market

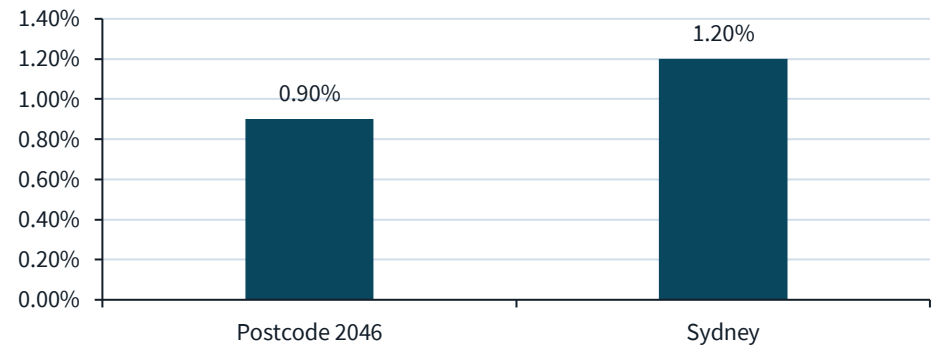
Sydney's Housing Market Context & Current Crisis

Across Sydney, rental vacancy as at October 2023 was 1.2%. This is the lowest level recorded by SQM Research since May 2010. This can be attributed to a number of factors, including the strong rebound in net overseas migration, and the general lack of available supply. At a local level, rental vacancy is even lower in the 2046 postcode at 0.9%. A healthy rental market vacancy rate should be around 3%¹.

As a result, asking rents have seen significant growth. As at October 2023, the median asking rents for units across Sydney was ~\$690 per week, which reflects a ~20% increase on October 2022 levels. As seen in the opposite figure, Sydney has also seen the strongest growth across the major cities, with median asking rents ~37% above their levels in October 2021. At a more local level, the Canada Bay LGA and the suburb of Five Dock median unit asking rents (in the 12 months to August 2023) were \$700 and \$685 per week, reflecting YoY growth rates of 19% and 14% respectively. With low vacancy rates and rents at historic highs, displacement is widespread.

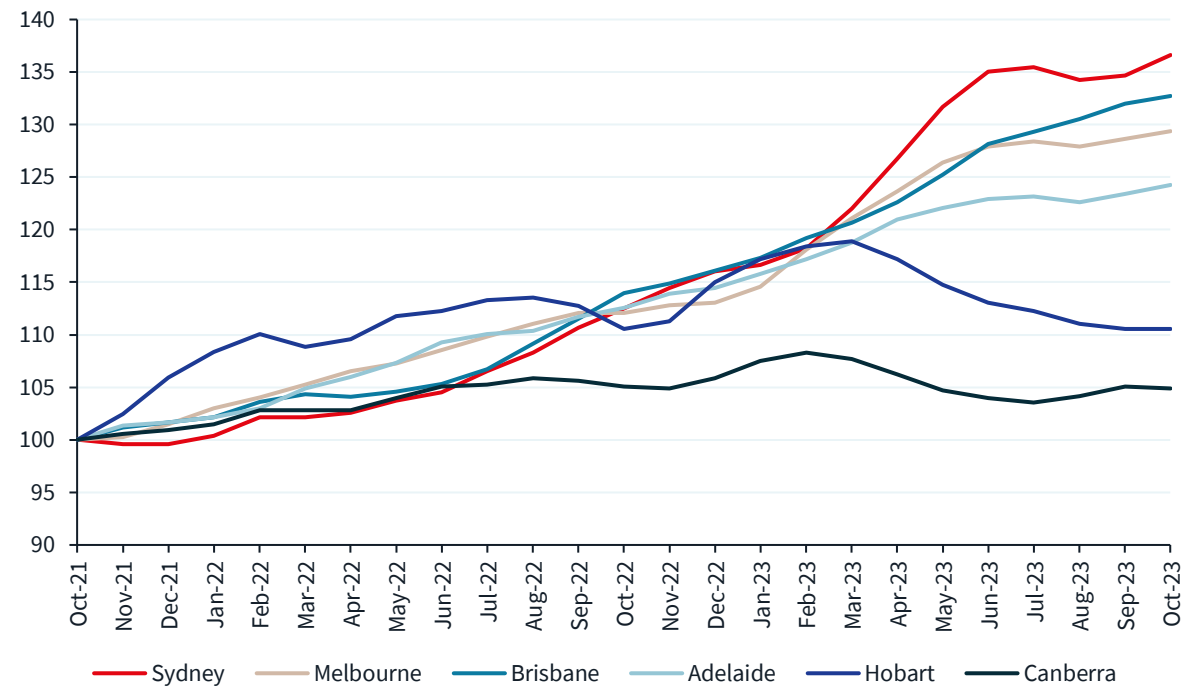
With moderate unit supply over the next few years (and much of that focused towards owner occupiers), there is little relief for the rental market on the horizon.

Figure: Postcode 2046 & Sydney Rental Vacancy



Source: SQM Research, October 2023
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Figure: Unit Asking Rent Index (October 2021 = 100)



Source: JLL Valorem, as at October 2023

Local Observations

- Rental vacancy in the 2046 postcode is 0.9% (compared to 1.2% across Sydney).
- Canada Bay LGA and Five Dock median unit asking rents have grown 19% and 14% respectively YoY.

¹. Dr Michael Fotheringham, managing director of Australian Housing and Urban Research Institute (AHURI), AFR, 3 February 2023



Local Housing Context

Canada Bay LGA Housing Supply Forecast & Targets

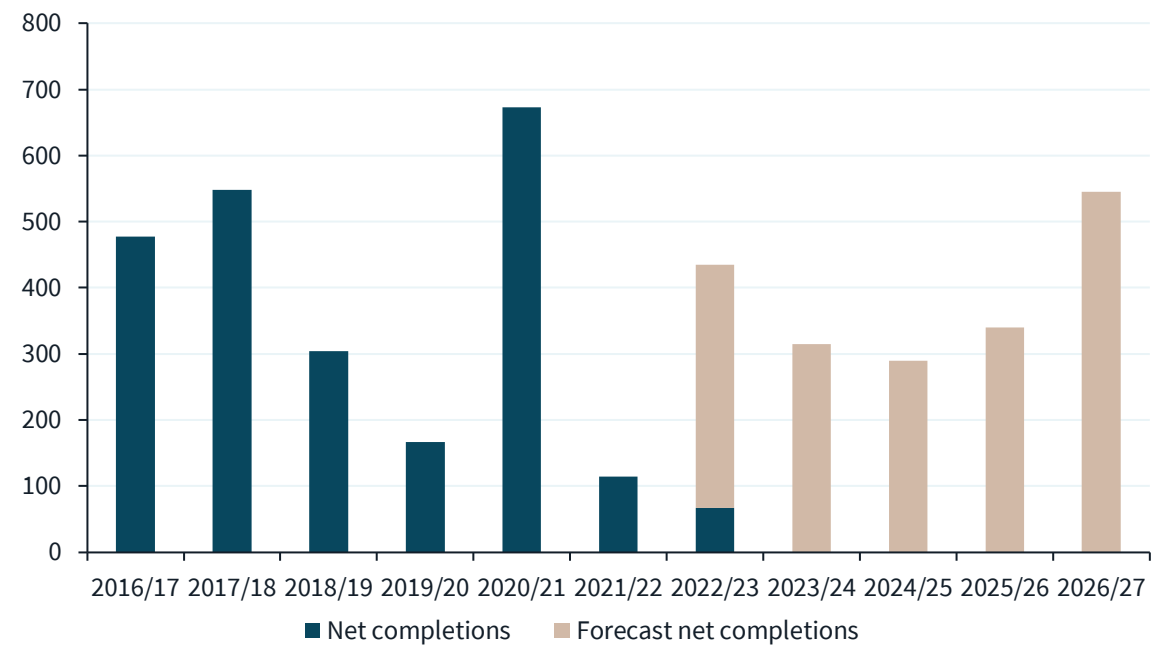
Local Housing Context

Canada Bay LGA Housing Historic & Forecast Net Completions

We have had reference to the NSW Government’s Greater Sydney Urban development Program, which forecasts residential completions within the Canada Bay LGA.

Under the housing supply forecast, over the five years between 2022/23 and 2026/27, 435 dwellings will be delivered each year within the LGA.

Figure: Canada Bay Historic & Forecast Net Completions



Source: NSW DPE
Note: DPE have forecasted that 22/23 will see the delivery of 435 dwellings. Since there has been 67 dwellings completed in the first three quarters, it has been assumed 368 dwellings will be completed over the remainder of the year in line with the government’s forecast.

Canada Bay LGA Housing Targets

Canada Bay Council’s 2019 Local Housing Strategy (LHS) identifies the following provisional targets from 2021 onwards:

Table: Canada Bay LGA LHS Provisional Housing Targets

Target Period	Total Dwellings by End of Period	Additional Dwellings	Annualised Target
2021-2026	43,700	3,800	760
2026-2036	52,400	8,700	870

Source: Canada Bay 2019 LHS, JLL

In summary, to reach these targets:

- 760 dwellings must be completed per year between 2021 to 2026
- 870 dwellings must be completed per year between 2026 to 2036

NSW DPE endorsed the above LHS targets, subject to the following requirements which are related to the Metro opportunity:

- Council to work with Sydney Metro and commit to an integrated planning approach at the growth areas around North Strathfield, Burwood North and Five Dock Metro stations.
- Council to re-evaluate their decision to limit new housing opportunities in Five Dock and North Strathfield to low scale medium density developments, given the announcement of the Metro stations in these locations.

Canada Bay LGA Housing Deficit

Local Housing Context

As seen in the opposite figure, the LHS 2021-26 target of 3,800 dwellings have been annualised and compared to the NSW DPE housing supply forecast to assess potential undersupply. Any historic (pre-2016) housing deficit has not been considered.

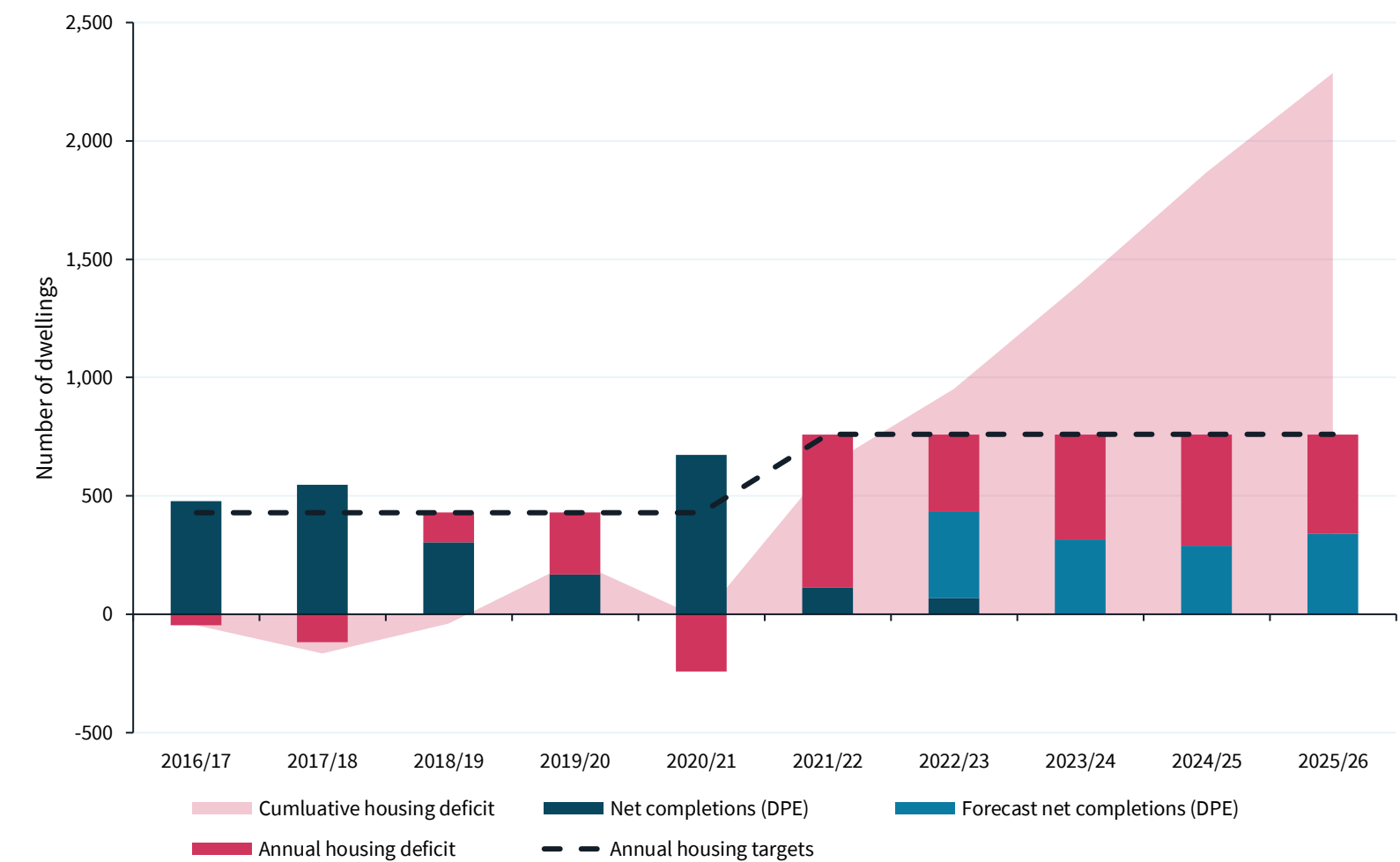
Between 2016 to 2021, the Greater Sydney Commission (GCC) identified a five-year target for the LGA of 2,150 dwellings (equating to 430 dwellings per annum). Net dwelling completions in the LGA met the housing targets.

Under NSW DPE's current housing supply forecasts, Canada Bay LGA is not projected to meet the LGA's 2021-26 housing targets.

As of July 2022, Canada Bay had a cumulative housing deficit of 627 homes. By July 2026 this cumulative deficit is expected to increase to 2,287 homes.

To note, this deficit doesn't consider additional housing that may be considered under potential revised housing targets which are likely to increase following the National Cabinet Housing Target.

Figure: Annual & Cumulative Housing Deficit in the Canada Bay LGA



Source: NSW DPE, NSW GCC 2016-21 housing targets, Canada Bay Council LHS 2021-26 Housing Supply Target

Impact Of The Sydney Metro West

Current & Future Transport Amenity

Impact Of The Sydney Metro West

Current Rail Amenity

The Canada Bay LGA rail amenity is currently limited to the Rhodes, Concord West and North Strathfield stations.

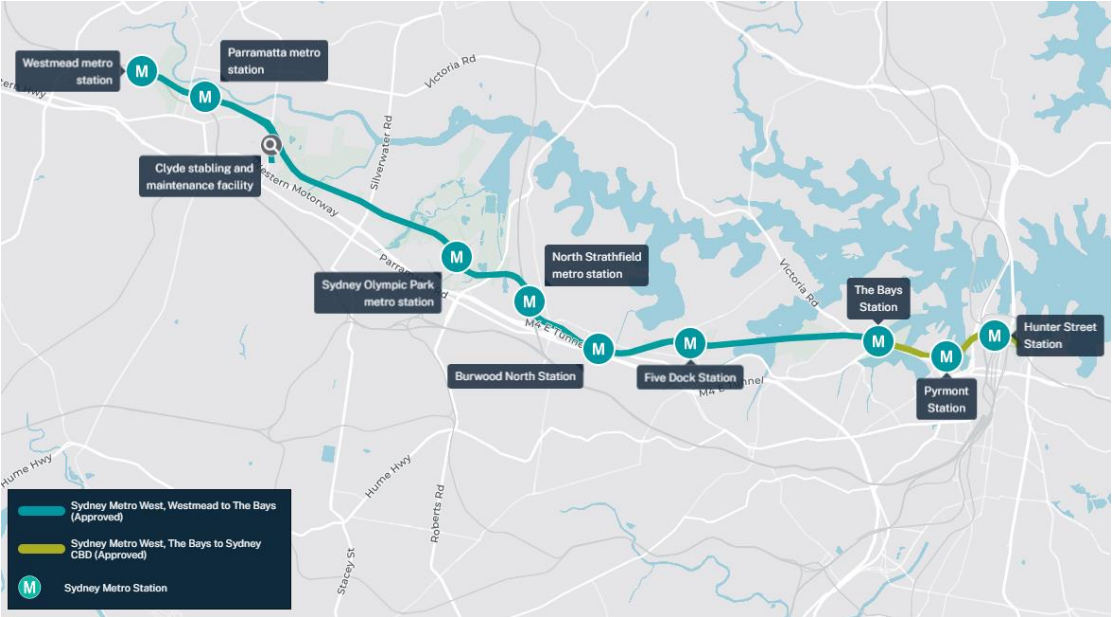
In recent years, the majority of development in the LGA has focused around the station at Rhodes. Over 2020-21, ~530 units were completed in Rhodes, which account for almost 80% of all completions in the LGA that year.

Future Rail Amenity

The Sydney Metro West project will provide Canada Bay LGA with new rail infrastructure at Five Dock and Burwood North and will see the upgrade of the North Strathfield Station. Other stations will include Westmead, Parramatta, Sydney Olympic Park, North Strathfield, The Bays, Pyrmont and Hunter Street in Sydney CBD.

The Five Dock Station sites will be located off Great North Road, between East Street and then at the corner of Second Avenue and Waterview Street. The Western construction site is located adjacent to the subject development. Excavation of the Five Dock station site is currently being undertaken, and the project has a completion date of 2030

Figure: Sydney Metro West



Source: Sydney Metro

Implications for Five Dock

- **Five Dock is not currently serviced by rail infrastructure.**
- **The travel time between Five Dock and Sydney CBD will improve significantly. The travel time between Five Dock and Hunter Street Stations (CBD) will be roughly eight minutes once the project is delivered. Currently, travel time by public transport from Five Dock to the General Post Office is ~45 minutes via bus. The project will also provide a direct rail connection to other major employment centres including Parramatta, Sydney Olympic Park and Westmead.**

Station Density Case Studies

Impact Of The Sydney Metro West

This section summarises key density statistics for the future Five Dock station precinct and eight comparison precincts: Burwood North, Campsie, Crows Nest, Hornsby, Rockdale, Showground, Thornleigh, and Waterloo.

These station precincts have been chosen as a representative mix of station precincts across a range of lines, and at a range of distances from the CBD.

Height of Building Controls

The opposite table shows the share of different height of building controls within a 500-metre radius from the station location. These are based on the latest zoning controls under the current LEPs, and do not account for any planned zoning changes. Currently, ~80% of land within a 500-metre radius from the Five Dock Metro Station is between 0-4 storeys. This portion is not only significantly higher than station precincts with similar travel times to the CBD (5-10 minutes), but also all of the representative stations (except Thornleigh) with longer travel times.

Table: Indicative Height of Building Controls Within a 500m Radius of Select Station Precincts

Station	0-4 storeys (<12m)	5-8 storeys (12m - 24.9m)	9+ storeys (25m+)
Five Dock	83%	17%	0%
5 - 10 mins to CBD	34%	43%	23%
Crows Nest	44%	36%	19%
Waterloo	22%	52%	27%
10 - 20 mins to CBD	56%	25%	19%
Burwood North	74%	16%	11%
Campsie	71%	25%	5%
Rockdale	54%	17%	29%
35 - 45 mins to CBD	58%	26%	17%
Hornsby	35%	44%	21%
Showground	19%	41%	40%
Thornleigh	94%	5%	1%

Source: Various

Implications

Impact Of The Sydney Metro West

Sydney is currently in the midst of a housing crisis, driven by strong demand and lack of available supply. This is evident in the Canada Bay LGA.

At a more local level, under the current NSW DPE housing supply forecast, Canada Bay LGA will not reach its housing targets, and will see a housing deficit of 2,287 homes by 2026.

The Five Dock Metro Station will provide catalytic infrastructure to the suburb, and as identified in the NSW DPE endorsement letter of the LHS, will play an important role in the delivery of housing in the LGA. It is evident, as seen in the recent development of Rhodes within the LGA, that direct access to well-connected rail infrastructure supports greater densities at station precincts.

As such, the proposed development at the subject site is supported by its direct proximity to the new metro site and provides an opportunity to ease the future housing deficit faced by the LGA and Greater Sydney more broadly, at a well-located, accessible location, supported by significant new infrastructure.

