URBIS

NORTH APPIN

Residential Needs Assessment

Prepared for Ingham Property Group
September 2024

COVID-19 AND THE POTENTIAL IMPACT ON DATA INFORMATION

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

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

Urbis staff responsible for this report were:

Director	Alex Stuart
Consultant	Christopher Katsikas, Max Forrester

Project code	P0038814
Report number	Final

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EXECUTIVE SUMMARY

PROJECT BACKGROUND

Ingham Property Group's (IPG) landholding at North Appin is part of the North Appin (part) Precinct. It has the potential to deliver around 3,000 new dwellings, a retail centre, education facilities and more. The additional dwellings will help to address Greater Sydney's housing shortage.

This report assesses the market suitability of the Subject Site and can be used to inform future planning decisions.

The Report was initially completed in June 2023. The Draft Structure Plan was updated in September 2024 though the overall number and mix of lots/dwellings has not changed from the previous Plan.

KEY FINDINGS

The supply and demand analysis in the report is based on data as of June 2023 while the Draft Structure Plan has been updated as of September 2024.

Our assessment of the residential market across the Campbelltown and Wollondilly LGAs indicate there will be strong demand for new houses developed on the subject site. The Subject Site is particularly suited for residential development. Key findings include:

- Strong projected population growth of 1.7% per annum (FY22-2041) indicating strong demand for new housing developments.
- An ageing population and increasing amount of lone person households indicating demand for medium density dwellings.
- A large proportion of first home buyers in the region and household incomes below the Sydney average, highlighting the importance of housing affordability to attract new buyers.
- Significant future supply in Greater Macarthur including large precincts in Gilead, Wilton and Menangle Park. High levels of supply will provide competition to the Subject Site.
- High take-up (around 15-25 sales per month) achieved by competing projects in South West Sydney.
- Strongly increasing house and lot prices making housing affordability a key issue.
- A low percentage of smaller lots in Campbelltown and Wollondilly LGAs, indicating a gap in the market.

RECOMMENDATIONS

The following outlines the recommended mix and take-up for the Subject Site.

Dwelling Mix and Density:

The proposed dwelling mix within the Draft Structure Plan, which includes a mix of low and medium density lots, is supported by the residential needs assessment. The mix includes:

- Approx. 80% Low Density lots (≤ 25dw/h)
- Approx. 20% Medium Density lots (≥ 26dw/h)

Medium density lots are proposed to be located near key amenity such as the school, town centre and the sports fields. There is anticipated to be demand for such medium density considering they provide strong access to amenity and provide adequately sized and affordable dwellings for smaller family units.

The proposed dwelling mix provides a range of dwelling sizes, designed to cater to a broad market. Low density lots are located throughout the precinct. Many lots are located near bushland, sporting facilities and other amenity. There is substantial demand for these lots, which is reflected by recent sales evidence and take-up in surrounding developments.

Take-up:

The development is anticipated to achieve an average take-up of 240 – 300 lots per year (across the market cycle) across the development timeframe. This take-up reflects the anticipated demand, competitive environment and is supported by the take-up achieved by other large projects in the South West Sydney region over the last decade.

INTRODUCTION

STUDY OBJECTIVES AND METHODOLOGY

INTRODUCTION

Introduction

Ingham Property Group (IPG) is seeking to amend State Environment Environmental Planning Policy (Precincts - Western Parkland City) (Precincts SEPP) for the site located at 345 Appin Road, Appin (the site).

The Planning Proposal seeks to rezone the site comprising of approximately 301 hectares of land in the North Appin (part) Precinct which forms part of the Greater Macarthur Growth Area (GMGA). The NSW Government Department of Planning, Housing and Infrastructure (DPHI) has identified the site to deliver up to 3,000 new homes and secure and implement a koala corridor along Ousedale Creek.

The vision for the site is to unlock the opportunity the site provides to enable the delivery of high-quality housing choice with a genuine connection to the site's cultural history, natural assets and the existing Appin township. To recognise and respond to the natural significance of the land to create a holistic community supported by access and utility infrastructure, economic investment, and a range of suitable local services.

IPG has engaged Urbis to undertake market research on the housing need for the Subject Site and potential take-up. The residential assessment comprises analysis of the following:

- A relevant residential Study Area
- Population and demographic analyses for the Study Area
- Analysing historical building completion and approval data along with future residential supply
- Residential competitor analysis, including off the plan prices and take up rates
- Analysing market demand, including historical housing and lot prices
- Potential take-up, target buyers and pricing.

Report Overview

The analysis presented in this report is structured as follows:

- **Section 1: Subject Site Overview and Regional Context -** outlines the Subject Site location, the proposed Draft Structure Plan and regional context affecting the proposed development.
- **Section 2: Residential Demand Drivers -** assesses the key drivers of residential demand for houses and ranks the Subject Site against these drivers.
- **Section 3: Residential Study Area & Demographics -** defines the residential Study Area and assesses key demographic trends within the Study Area, such as population growth, that effect the market for residential lots
- **Section 4: Residential Supply -** assesses historical supply trends and proposed lots within the Study Area to help analyse future demand for lots within the Study Area and at the Subject Site.
- **Section 5: Residential Competitor Analysis -** investigates key competing developments within the Study Area to gather take up, pricing and lot size trends.
- **Section 6: Residential Demand Analysis –** forecasts demand for residential lots within the Study Area and the share the Subject Site can be expected to attain.
- **Section 7: Recommendations -** provides evidence-based recommendations on achievable price ranges, take-up rates and lot sizes for the Subject Site.

1.0

SUBJECT SITE OVERVIEW & REGIONAL CONTEXT

SUBJECT SITE

Key Findings

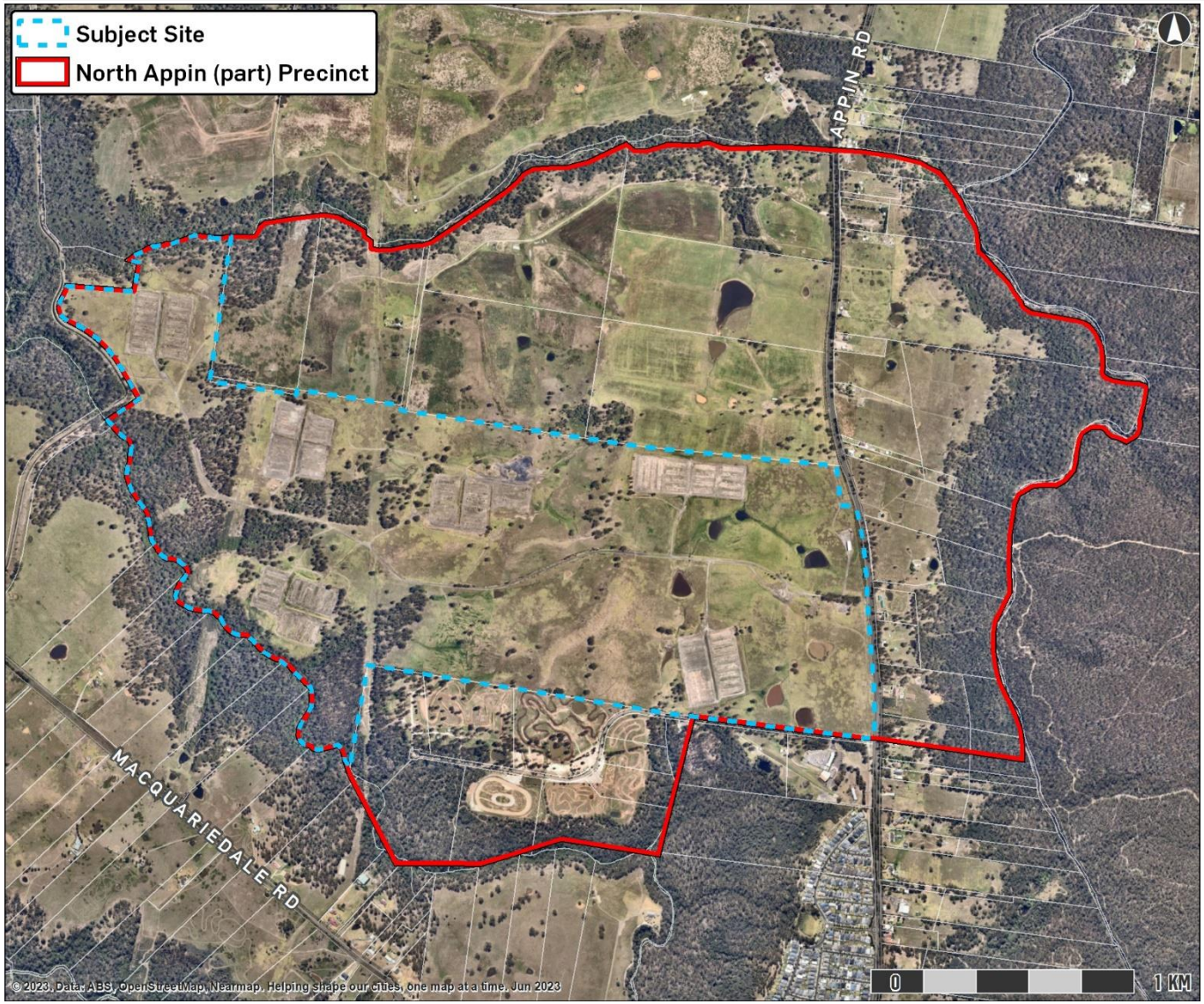
The land to which this Planning Proposal relates to is 345 Appin Road, Appin and is approximately 301 hectares in size. The site is accessed via Appin Road and is located within the North Appin Precinct. It is more broadly situated in the Greater Macarthur Growth Area within southwest Sydney. The majority of the site is located with the Wollondilly local government area (LGA), while a small northwest portion is located in the Campbelltown LGA.

The site is irregular in shape and can be characterised as predominantly cleared pastoral land that has access to significant natural assets and corridors. The site is mostly cleared of any built structures. A sealed east-west road traverses through the centre of the site, providing the site with access to Appin Road. Upgrades to Appin Road, between Rosemeadow and Gilead, commenced in mid-2024. This update will improve safety, support new housing in the Greater Macarthur Growth Area, and enhance the accessibility of the subject site, which is an essential driver of demand.

The North Appin (part) precinct (which the Subject Site is within) sits approximately 3 kilometres north of the existing Appin village, making the site a natural extension of the village. The site is approximately 35 kilometres north of Wollongong and 15 kilometres south of Campbelltown. Future planned infrastructure projects will improve connectivity to the Subject Site to these destinations.

The site is bordered by European Heritage to its west. Four extant Aboriginal Heritage sites, registered on the Aboriginal Heritage Information Management System (AHIMS) are located to the west and south of the site and are associated with Ousedale Creek.

Subject Site — Map 1.1



Source: Urbis

DRAFT STRUCTURE PLAN

Key Findings

North Appin is situated between the Georges and Nepean rivers, at the heart of the Greater Macarthur region. Map 1.2 shows the Draft Structure Plan for the North Appin (part) precinct.

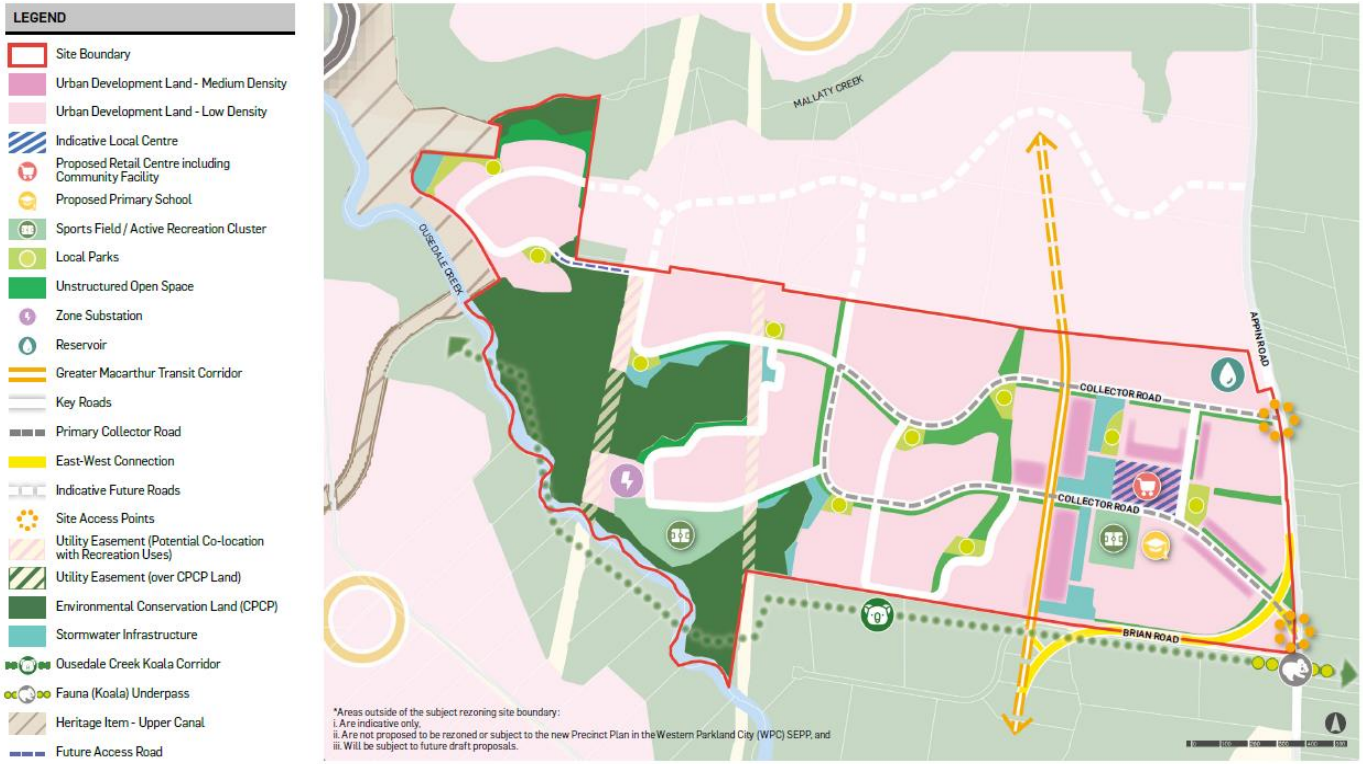
The Greater Macarthur 2040 Structure Plan envisages the North Appin (part) precinct can support up to 5,000 dwellings. Under the Draft Structure Plan, the Subject Site will be able to accommodate around 3,000 dwellings alongside a school and a retail shopping centre.

Dwellings are expected to be released starting in 2026 and will continue being released until 2045.

This Draft Structure Plan outlines a vision for the site, in alignment with Greater Macarthur 2040 Structure Plan, that will deliver on the following principles:

- Public open spaces and amenities for new communities
- Economic development opportunities for the Greater Macarthur region
- Integrative design to protect local species and ensure walkable neighbourhoods for all groups in society
- Building a variety of homes catering to different age brackets and incomes
- Development at no additional cost to the government
- Active transport paths connecting neighbourhoods
- Highly accessible transport corridor connecting Appin with local employment centres
- Establishes place activation within the village centre precinct with retail service, primary school and sporting field.

Draft Structure Plan* Map 1.2



Source: Urbis
** note: Draft Structure Plan last updated in late September 2024*

REGIONAL CONTEXT

Key Findings

Map 1.3 shows the North Appin (part) precincts' regional context in the Greater Macarthur region.

The GMGA is one of the fastest growing regions in Greater Sydney and represents a rare opportunity for low-density development within the Greater Sydney area.

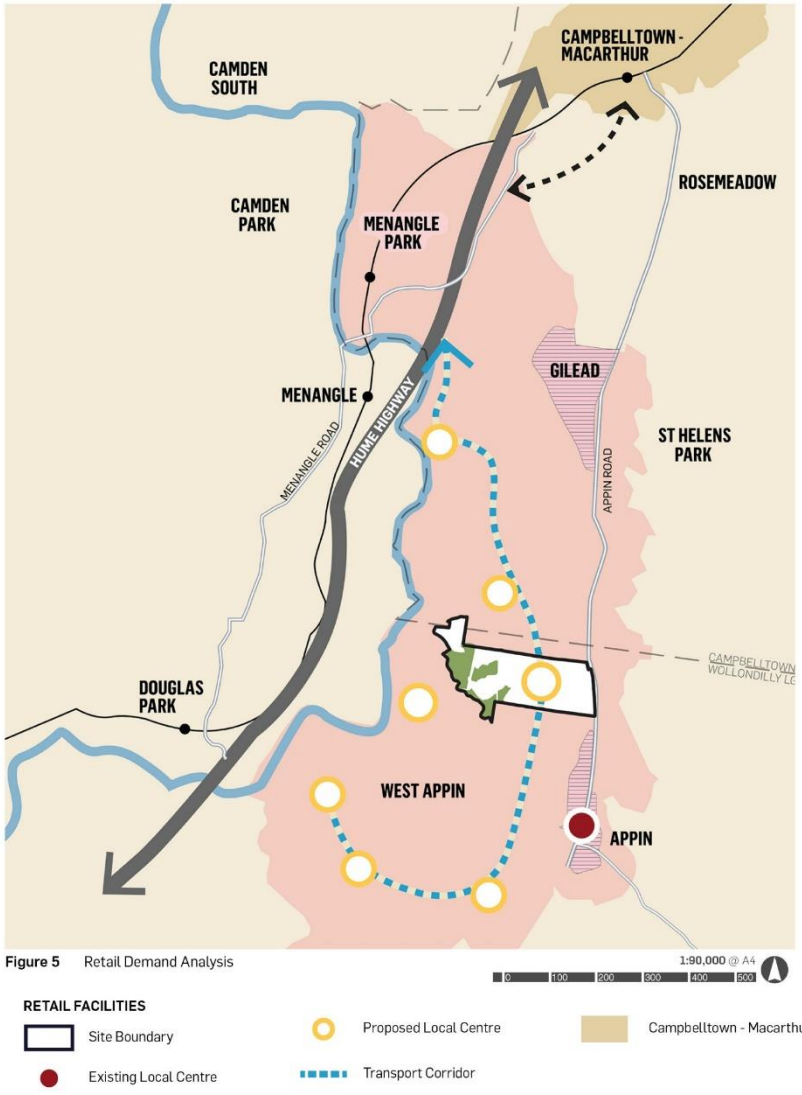
The site is approximately 73km southwest of Sydney CBD and 60km southwest of Parramatta CBD. The site is also approximately 35km south of the Aerotropolis and Western Sydney Airport. The Campbelltown-Macarthur Metropolitan Cluster is developing into one of southwest Sydney's key health and education centres and has the potential to accommodate 31,000 jobs by 2036, while the Aerotropolis is anticipated to provide the potential for 100,000 jobs once fully developed.

The Greater Macarthur, Wilton and Southwest combined growth areas are expected to support around 156,000 new dwellings, once fully developed. This growing population will be supported by the development of the Western Sydney Aerotropolis and extensive transport infrastructure projects such as the mooted Greater Macarthur transit corridor. The Site will benefit from greater connectivity to future employment sites through infrastructure projects such as the Greater Macarthur transit corridor.

Growth areas to the southwest at Wilton and Douglas Park and will provide competition with the Subject Site.

In the long term, the region will transform from sparsely populated to heavily populated with significant infrastructure and employment centres.

Regional Context — Map 1.3



Source: IPG

2.0

RESIDENTIAL DEMAND DRIVERS

DRIVERS OF RESIDENTIAL DEMAND

Key Findings

There are four key drivers of residential housing demand relevant to the proposed development.

Table 2.1 provides a brief description of these drivers and the implications for the Subject Site. As shown in the table below, the Subject Site is in a quiet bushland surrounding, with many outdoor recreational opportunities.

Attractive Views and Surrounding

Access to Amenities and Services

Transport Accessibility and Infrastructure

Employment Opportunities

Key Demand Drivers for Residential Development — Table 2.1

Factors	Components	Implications for the Subject Site
1. Attractive Views and Surrounding		
An attractive outlook that includes views of the surrounding hills and river Koala habitat and bushland within the Subject Site.	✓ Quiet Neighbourhood ✓ Bushland and River Views ✓ Views of the hills and river	• The Subject Site is in an undeveloped location In North Appin. The Draft Structure Plan indicates this will become a quiet neighbourhood surrounded by bushland and greenery. • The site consist of relatively flat, cleared pastoral land. The site contains numerous creeks and waterways providing significant environmental amenity to residents. • The Draft Structure Plan includes Koala corridors which will protect the local population, increasing amenity to residents.

DRIVERS OF RESIDENTIAL DEMAND

Key Demand Drivers for Residential Development — Table 2.1

Factors	Components	Implications for the Subject Site
2. Amenities and Services		
Locations that have easy access to shops, public transport, parks, entertainment and dining options, medical facilities and schools will be highly demanded as residential locations. These factors remain high on the priority lists of those looking to rent or buy.	✓ Retail site within Subject Site ✓ Open Space/ Recreational Space ✓ Schools	• The Draft Structure Plan, contains plans for a retail shopping centre and primary school. This will provide substantial convenience to residents, something lacking in other greenfield developments. • Macarthur Square is a regional shopping centre 15-minute drive from North Appin in the heart of Campbelltown. The centre contains a David Jones, Coles, Woolworths, Aldi and over 230 speciality stores. • The Campbelltown Health and Education Precinct (CHEP) is also a 15min drive from the Subject Site. The CHEP includes Campbelltown Hospital, a NSW TAFE campus and WSU campus. This provides substantial health and education opportunities for future residents. • The closest existing school is Appin Public School, 3.0 kilometres away. The closest high school is Ambervale High School, 10.8 kilometres by road away. With high population growth rates in the region, new schools will likely be built in the region in coming years. • The surrounding area is filled with natural beauty. Dharawal National park and the Royal National Park are east of the Subject Site. This provides opportunities for future residents to enjoy extensive outdoor recreation.
3. Transport Accessibility		
Access to good public transport and road infrastructure are important to potential purchasers and renters. Particularly, linkages to local amenity. Future infrastructure projects can revitalise areas, improve connectivity and linkages, create new jobs and reshape the existing community.	✓ Main Road ✓ Bus x Train	• Travelling by car is the primary transport option for local residents. Appin Road runs between Campbelltown and Appin and is the primary existing road in the suburb. Appin road also provides convenient access to Appin Town Centre. • A future Greater Macarthur transit corridor, connecting the Macarthur region would increase the connectivity of the Subject Site to employment and amenity in the rest of Greater Sydney. This will include a bus transitway. • The Subject Site is 13.1 kilometres by car from Macarthur station. The station provides intercity train services to Sydney and a regional connection to the southern highlands line. • A new link road is proposed to the town of Menangle, which will facilitate a 3 minute drive to Menangle station. This station provides similar intercity and regional train services. Travel time to location north of Menangle will be minimised after completion of the link road.

DRIVERS OF RESIDENTIAL DEMAND

Key Demand Drivers for Residential Development — Table 2.1

Factors	Components	Implications for the Subject Site
4. Employment Opportunities		
Residents often prefer to live close to work, enabling them to minimise travel times and improve work/life balance. Nearby public transport allows residents to travel to employment hubs where a large variety of jobs are available.	✓ Nearby Employment Hubs	• Campbelltown CBD is a 15-minute drive from the Subject Site and is forecast to grow by 5,341 jobs over the next 15 years. This job growth will primarily occur in health care and social services, retail trade and education and training. • Around 30 minutes drive from the site, Liverpool CBD is a major employment hub, forecast to grow by 5,070 jobs by 2036. These jobs will primarily be in the health care and social services, professional, scientific and technical services and public administration and safety. Workers at the Liverpool CBD could be potential buyers at the Subject Site. • If the Greater Macarthur transit corridor is built, access to the Western Sydney Aerotropolis (WSA) employment precinct will be a driver of demand at the Subject Site. Lots at the Subject Site could be purchased by workers at the WSA. • The new Wilton Town Centre is 17 kilometres (15 minutes drive via Wilton Road) south of the Subject Site. The Centre is planned to become a major employment centre in Wollondilly Shire. • The City of Wollongong is a 36 minutes drive south-east of North Appin. While access to Wollongong CBD is not expected to be a major driver of demand, it will be a drawcard for some future residents.

3.0

STUDY AREA & DEMOGRAPHIC TRENDS

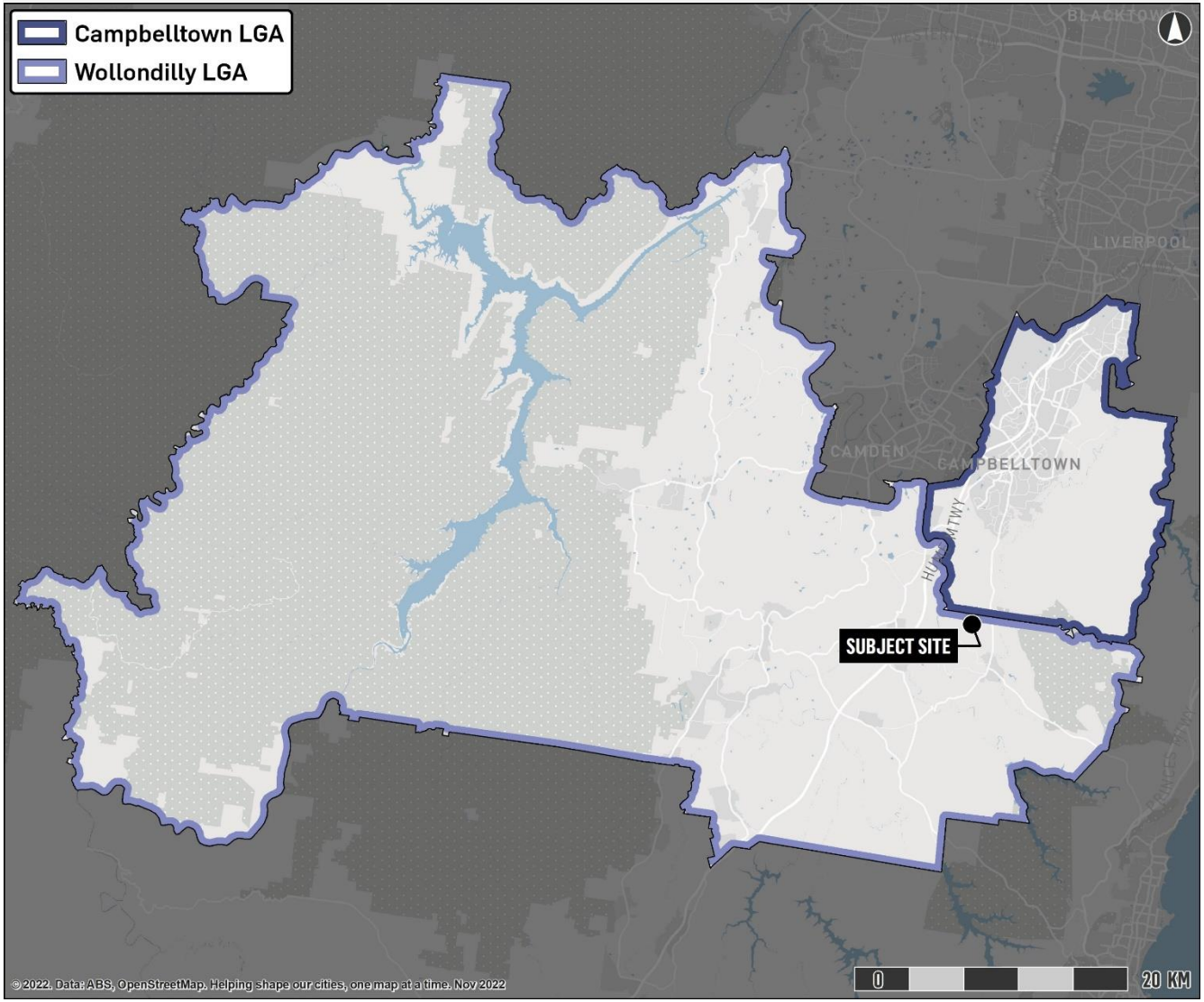
STUDY AREA DEFINITION

Key Findings

The map outlines the Study Area that has been adopted for this residential assessment. The Study Area has been defined as the Campbelltown and Wollondilly LGAs because:

- The Subject Site is located across the border of Campbelltown and Wollondilly LGA's.
- The area is within the Greater Macarthur Growth Area, which is a major residential growth corridor for Metropolitan Sydney.
- The area comprises many existing and proposed greenfield developments which will compete with the Subject Site.

Study Area — Map 3.1



Source: Urbis

HISTORICAL POPULATION GROWTH

Key Findings

Chart 3.1 shows that population in the study area has increased from 197,891 in 2012 to 229,460 in 2022 at an average annual growth rate of 1.5% per annum. This equates to 31,578 new residents since 2012. The Study Area's annual growth rate has trended similarly to Greater Sydney growth rate. However, with projected increases in dwellings within the Study Area, the two are likely to diverge in coming years.

The study area's population continued to rise in 2022, although it was the slowest annual growth rate since 2006. The annual population growth fell from 1.8% in 2019 to 0.3% in 2022. This is due to COVID-19 causing a fall in both net internal and net overseas migration.

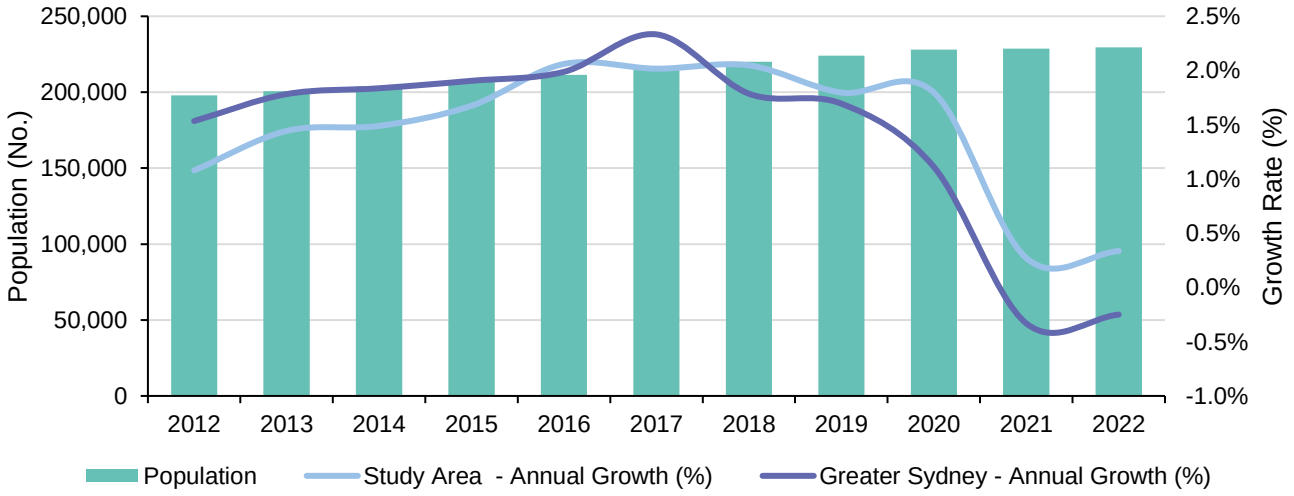
Chart 3.2 shows that natural increase has accounted for the majority of population growth in the study area at an average of 2,047 residents per year. This figure includes infill growth in centre such as Tahmoor and Warragamba.

Net overseas migration was also a key contributor to population growth at a pre-COVID average of 1,551 residents.

Net domestic migration contributed significantly less to population growth, but a pre-COVID average of 613 new residents indicates that the study attracts households looking to purchase a more affordable home.

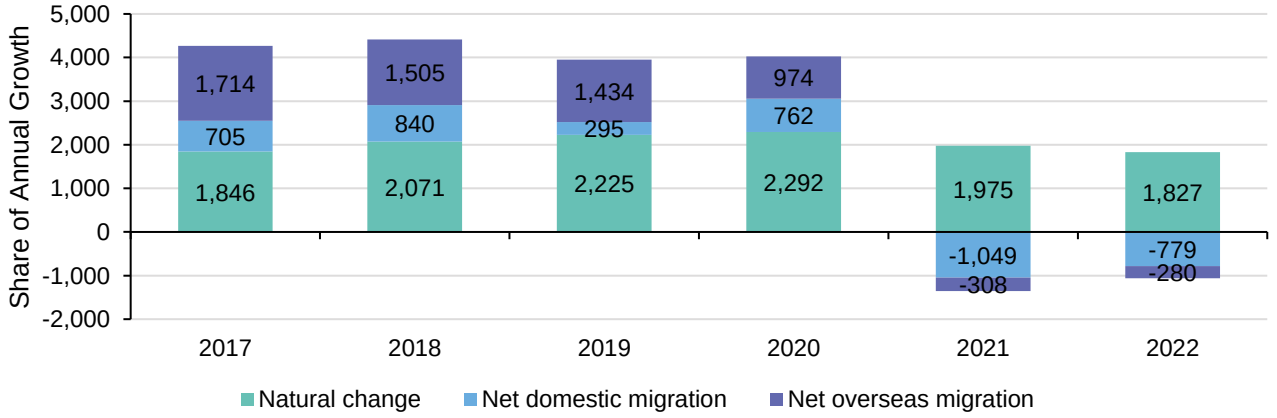
Net internal migration inverted throughout the pandemic as residents left the Study Area while net overseas migration decreased to -308 residents in 2021 due to border closures.

Study Area Historic Population Growth, 2012 – 2022 (FY) **Chart 3.1**



Source: NSW DPHI

Study Area Population by Growth Component, 2017 – 2022 (FY) **Chart 3.2**



Source: NSW DPHI

PROJECTED POPULATION GROWTH

Key Findings

The NSW DPHI Greater Macarthur 2040 Structure Plan provides a strategic planning framework for new homes, centres, jobs, public transport and open spaces in the Study Area.

As a result of this plan, substantial new developments in the Greater Macarthur region such as in Gilead, Menangle Park, Wilton are expected. These new development will be responsible for high levels of population growth projected.

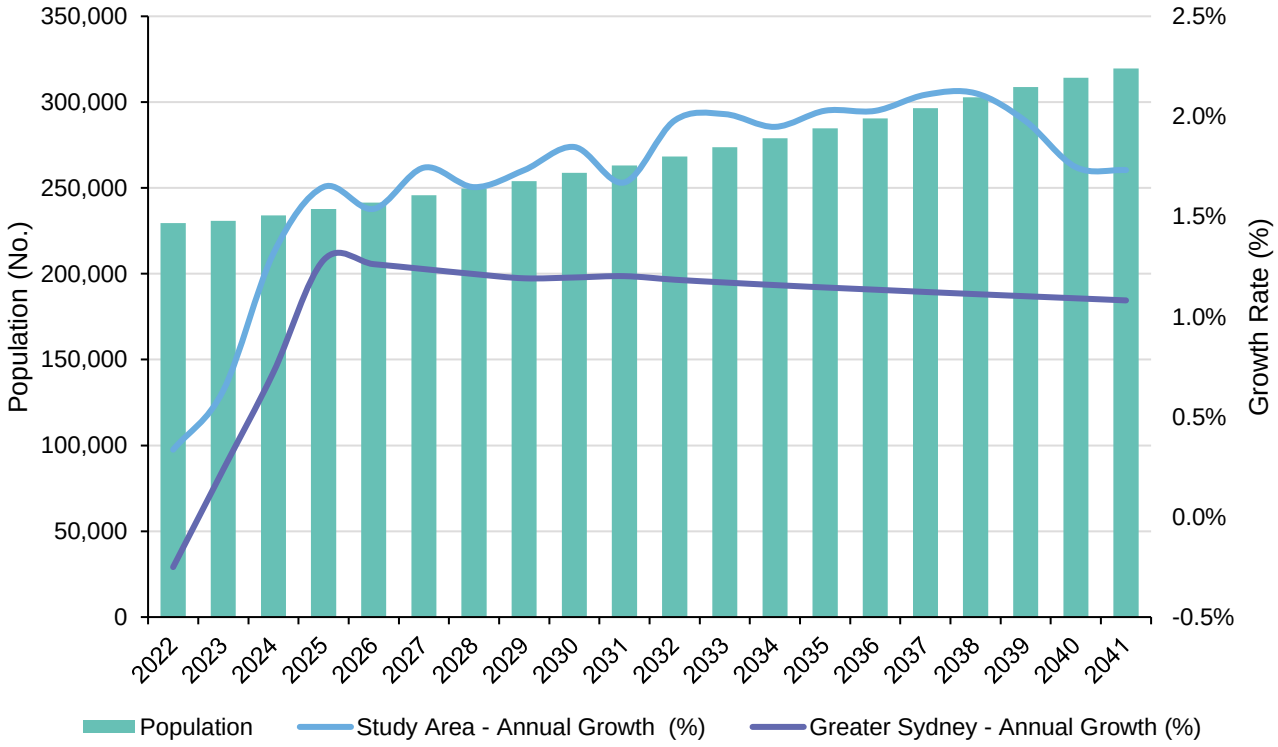
The rate and extent of future population growth in the study area will substantially affect future demand for residential dwellings. Higher rates of population growth will increase demand for housing within the Study Area.

Chart 3.3 illustrates the forecast population growth within the study area. From 2022 to 2041, the population is forecast to increase by 90,188 residents at an average growth rate of 1.7% per annum. This is greater than the average Greater Sydney growth rate of 1.0% from 2022 to 2041. This indicates the Study Area is a fast-growing region of Sydney.

The population growth rate is projected to increase from 0.3% in 2022 to 1.6% in 2025 as the study area recovers from the impacts of COVID-19 on overseas migration.

The population is projected to grow from 2026-41 at an average of 1.9% per annum, slightly higher than the pre-covid trend of 1.6% per annum.

Population Growth Forecasts, 2022 – 2041 Chart 3.3



Source: NSW DPHI

PROJECTED POPULATION GROWTH BY AGE

Key Findings

Chart 3.4 shows the historic and projected age distribution within the study area from 2021 to 2041.

The proportion of residents aged 60 and above is projected to increase from 19% in 2021 to 23% in 2041. This indicates increasing demand from downsizers who will be looking for smaller lot sizes and medium density housing.

While the population is forecast to age significantly, the majority will be under the age of 39, generating demand for family homes.

The proportion of population in other aged groups is predicted to stay relatively stable over the next 15 years. However, the relative proportions will ultimately depend on the type of housing built in the Study Area in coming years. Smaller, more affordable lots will attract younger families while larger, lifestyle lots will attract older more established buyers into the Study Area. Medium density lots will bring in both families seeking affordable housing and older downsizers.

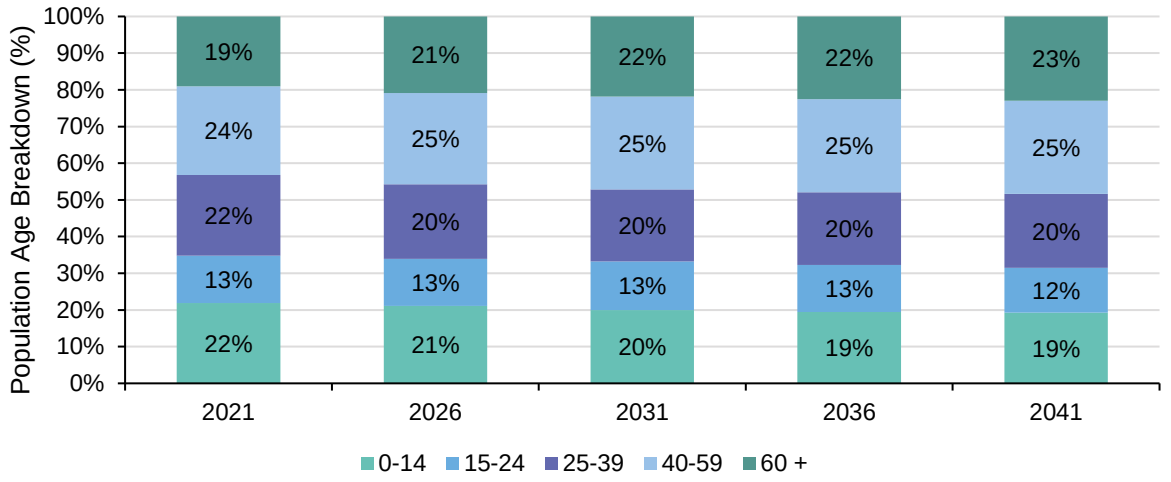
Chart 3.5 shows the historical and forecast household distribution within the study area from 2021 to 2041.

The proportion of couple families with children is the largest household category, which is projected to decline from 38% in 2021 to 36% in 2041. This is in line with the decrease in the proportion of younger people in the study area, which suggests decreasing demand for large family homes in the Study Area.

The proportion of couples increases from 22% in 2021 to 24% in 2041. This is indicative of both the ageing population and new couples looking to buy homes.

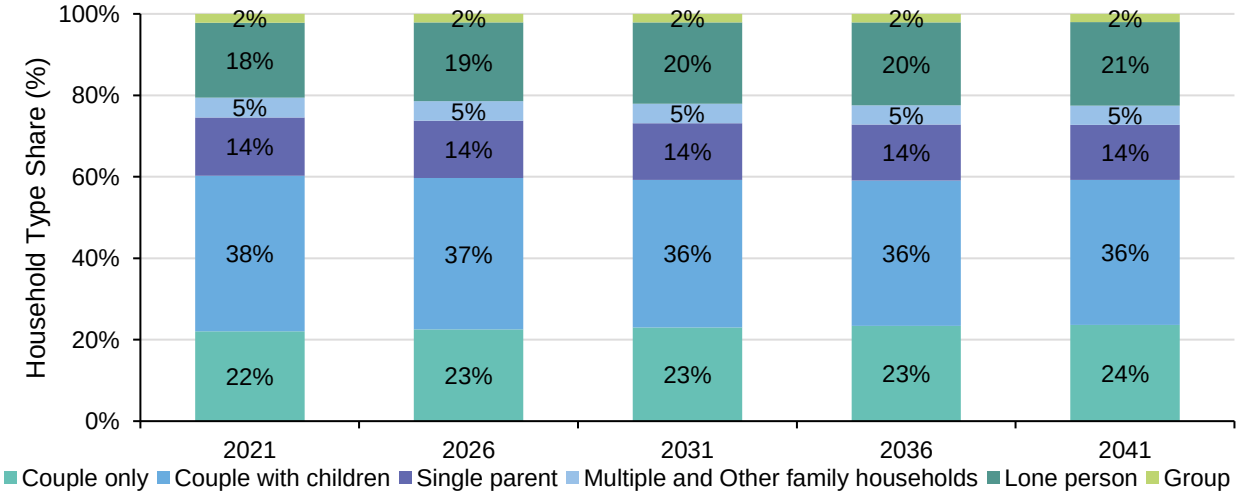
Lone person households are projected to increase from 18% in 2021 to 21% by 2041. This will increase demand for smaller lots and medium density housing.

Study Area Population Growth by Age, 2021 – 2041 **Chart 3.4**



Source: NSW DPHI

Household Projections, 2021 – 2041 **Chart 3.5**



Source: NSW DPHI

DEMOGRAPHIC CHARACTERISTICS

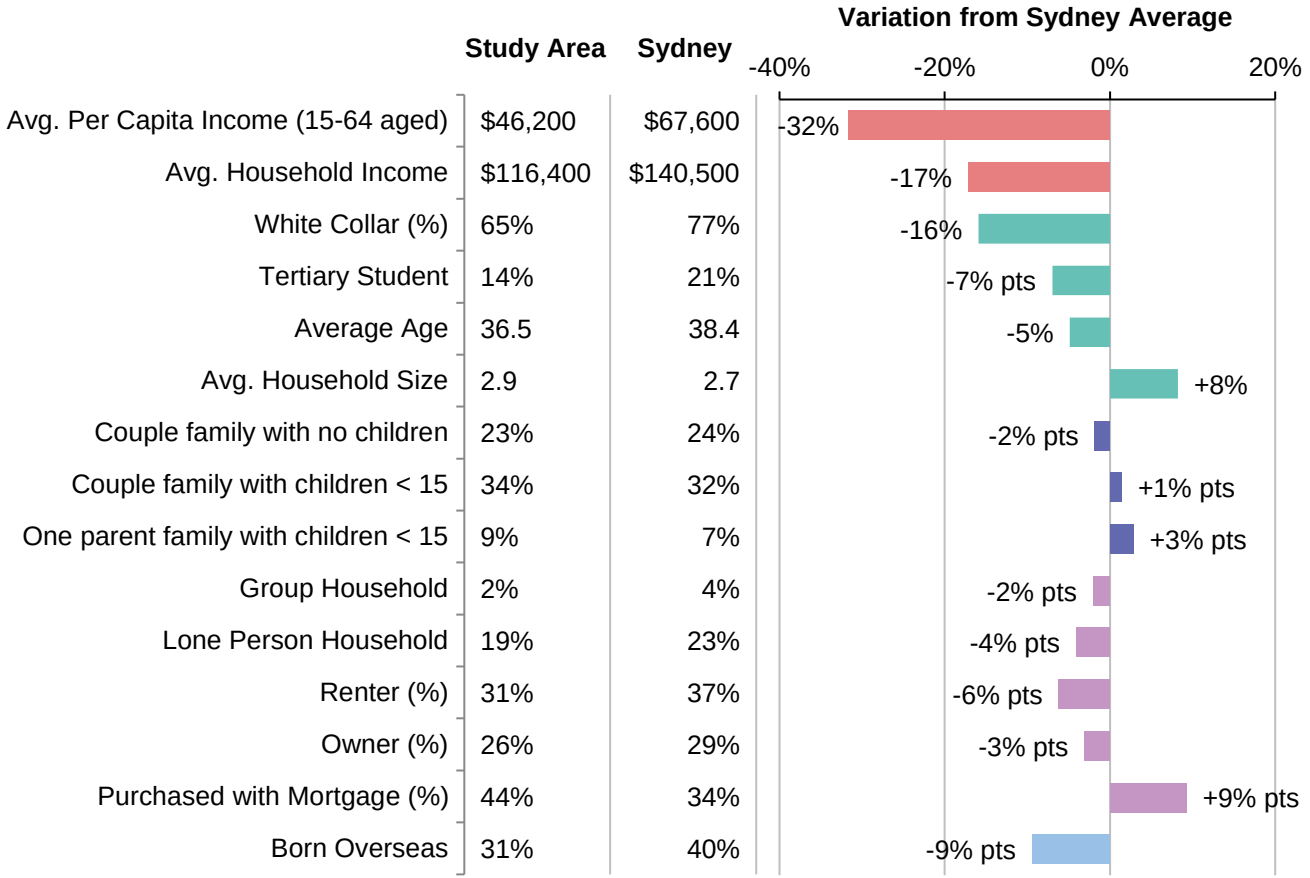
Key Findings

Chart 3.6 provides a summary of the key demographic characteristics of the study area population compared to the Sydney average. It is noted that the study area data includes both new communities and established areas in the Campbelltown area. As such, the future demographics of North Appin may differ from this wider average. This data is based on 2021 Census data.

The chart reveals that in the study area:

- Personal and household incomes are 32% and 18% below the Sydney average, respectively. This highlights the importance of affordability in the Study Area, which will be a strong driver of demand for the Subject Site. Housing will be more affordable on the Subject Site if there is a greater share of medium density lots. The proportion of residents employed as white-collar professionals is 16% below the NSW average. This reflects the high proportion of residents in the study area employed in health care, retail trade and construction.
- Average household size is 8% above the Sydney average at 2.9. This implies strong demand for family homes in the study area. However, as household sizes are projected to shrink across Sydney, there is likely to be greater demand for medium density housing.
- Around 44% of households have purchased with a mortgage, 9% above the Sydney average. This indicates a large proportion of first home buyers in the region, highlighting the importance of affordability to cater to this market.

Key Demographic Characteristics 2021 — Chart 3.6



	Study Area	Sydney	Variation from Sydney Average
Avg. Per Capita Income (15-64 aged)	$46,200	$67,600	-32%
Avg. Household Income	$116,400	$140,500	-17%
White Collar (%)	65%	77%	-16%
Tertiary Student	14%	21%	-7% pts
Average Age	36.5	38.4	-5%
Avg. Household Size	2.9	2.7	+8%
Couple family with no children	23%	24%	-2% pts
Couple family with children < 15	34%	32%	+1% pts
One parent family with children < 15	9%	7%	+3% pts
Group Household	2%	4%	-2% pts
Lone Person Household	19%	23%	-4% pts
Renter (%)	31%	37%	-6% pts
Owner (%)	26%	29%	-3% pts
Purchased with Mortgage (%)	44%	34%	+9% pts
Born Overseas	31%	40%	-9% pts

Source: ABS 2021

4.0

RESIDENTIAL SUPPLY

BUILDING APPROVALS

Key Findings

This section provides an assessment of the existing and proposed supply of residential dwellings in the study area. Total approvals over FY2017 – FY2022 averaged around 2,140 per year with the bulk of approvals for houses.

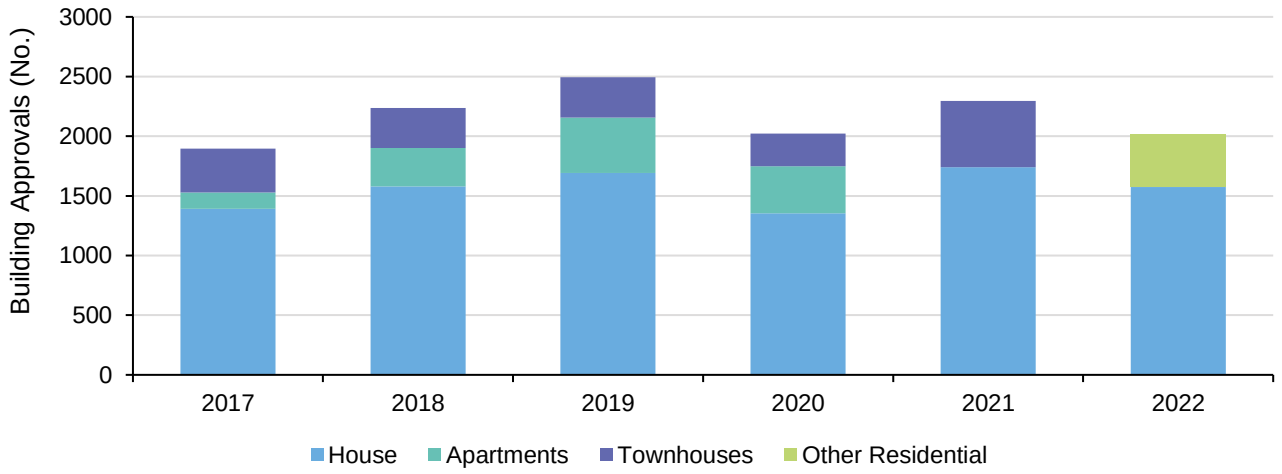
The study area has seen stable approval levels since FY 2017 with a high of 2,495 in FY2019 and a low of 1,897 in FY 2017. Houses have accounted for an average of 1,555 approvals per year over the time period.

Approvals could increase in future years as the effects of Covid-19 subside and the Sydney housing shortage drives development in the region. The Wilton Growth Area coming online and Bingara George finishing sales is also expected to increase new approvals.

From FY2017-2021 new dwelling completions averaged around 2,120 per annum. New dwelling completions peaked in FY2019 with 2,415 completions. This reflects the strong property market in the wider Sydney market at the time. After 2019 there has been a slight downturn, with completions reaching a low of around 1,940 in FY2021. In coming years, completions could increase for similar reasons to approvals.

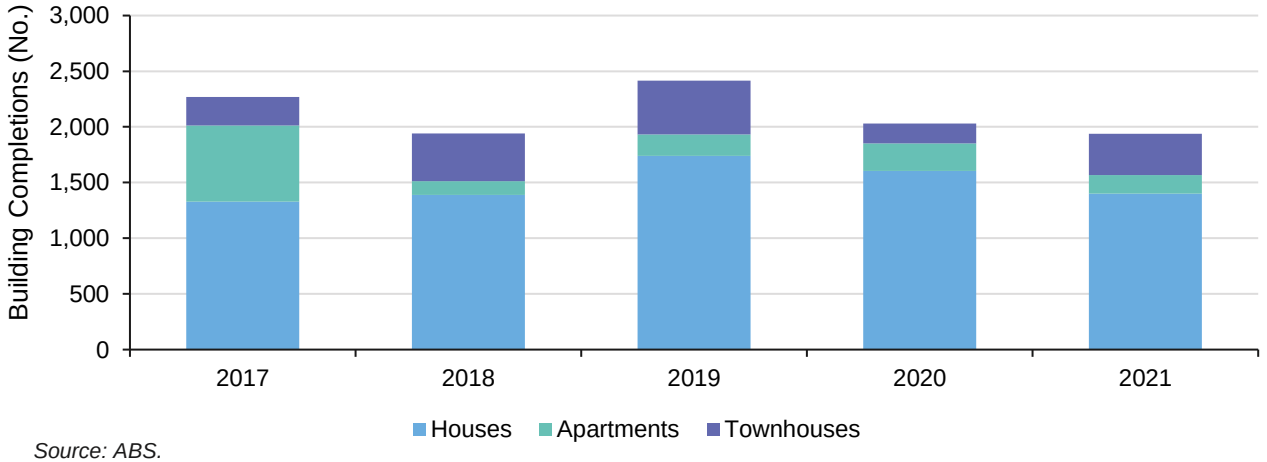
Approvals and completions have been relatively unaffected by market trends in the Study Area. This reflects that demand for housing is less affected by the state of the market than demand for apartments or townhouses. Major swings in approvals and completions have been seen in areas of Sydney with higher shares of Apartments and townhouses.

New Building Approvals, Study Area (FY) **Chart 4.1**



Source: ABS.
*Note: *FY22 data sourced from ABS LGA data cube releases which only provides dwellings down to Houses and other residential.*

New Dwelling Completions, Study Area (FY) **Chart 4.2**



Source: ABS.
*Note: *FY22 data Completions data is unavailable.*

FUTURE RESIDENTIAL SUPPLY

Key Findings

According to Cordell Connect and Urbis research, there are 7,389 proposed residential lots within the Study Area. This excludes potential projects that are yet to be rezoned. These projects range from being in the early planning (i.e. rezoned) to the construction phase. There are around 62 residential subdivision projects in the Study Area with stages proposed to be completed over the next five years. These projects have an average size of around 120 lots.

Table 4.1 provides a summary of the potential completion for proposed residential and dwelling projects by stage and year in the Study Area.

Projects in the subdivision Early Planning phase have the largest total with 3,588 (49%) of lots in this phase, with the majority set to be completed after 2024.

Around 1,350 (18%) of lots or dwellings have received subdivision approval while a further 15% are in the subdivision application phase. There are currently 1,131 (7%) lots in the construction phase.

This analysis reflects the residential pipeline at this period in time. There could be additional projects that are not currently in the pipeline.

Proposed Lots* by Financial Year and current stage, Study Area **Table 4.1**

	Anticipated Completion Year (FY)					
Current Stage	**2023**	**2024**	**2025**	**2026**	**2027+**	**Total**
Construction	354	255	89	0	0	1,131
Subdivision Approval	70	453	556	199	0	1,354
Subdivision Application	364	31	93	0	0	488
Early Planning	0	338	1,467	1,480	303	3,588
Total	**788**	**1,077**	**2,205**	**1,679**	**303**	**7,389**

Source: Cordell Connect; Urbis
** note: future supply as of December 2022*

FUTURE RESIDENTIAL SUPPLY

Key Findings

Map 4.1 shows the current residential pipeline for proposed lots, outlined on the previous page.

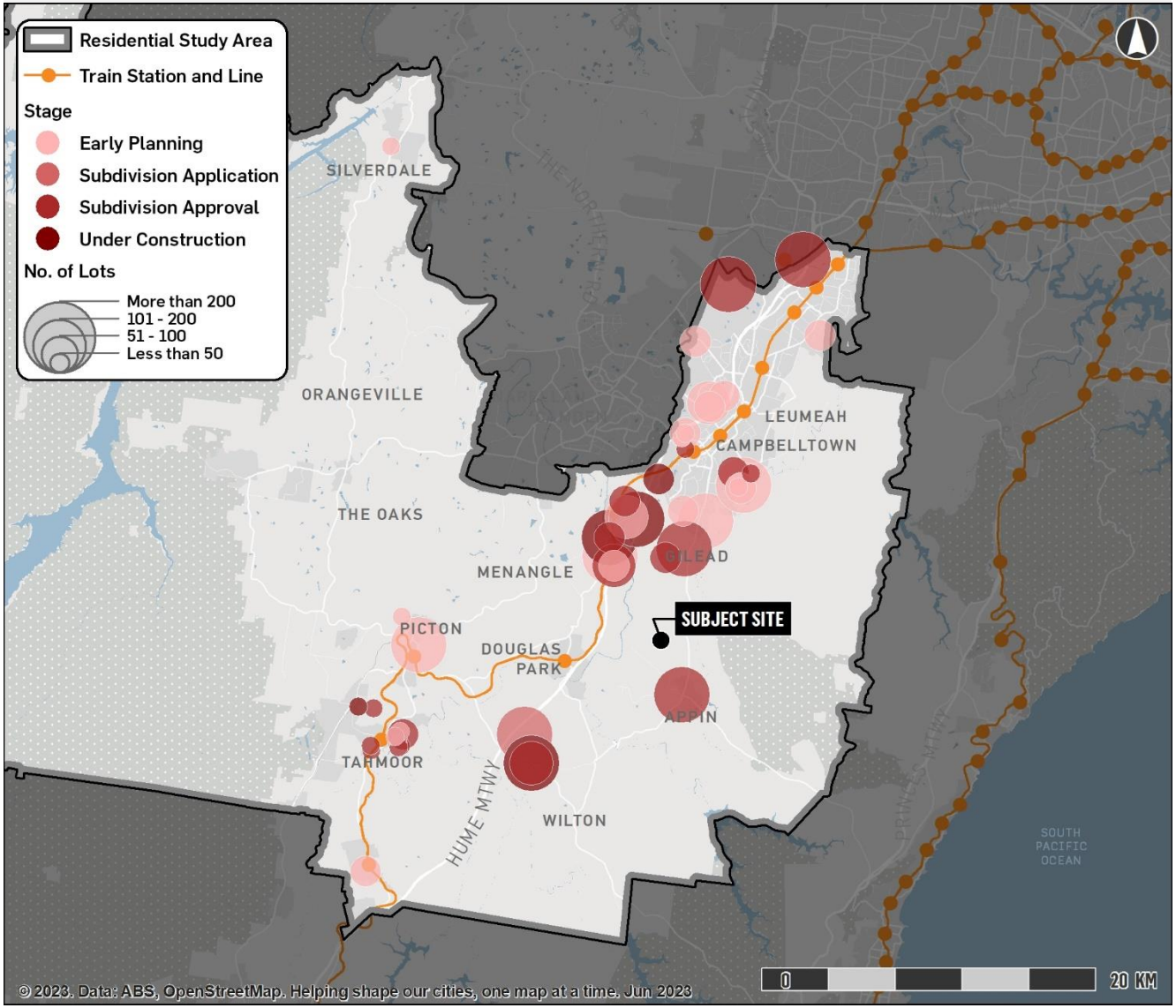
The Subject Site is anticipated to face competition from major greenfield projects in the Study Area including in;

- Appin
- Wilton
- Menangle
- Gilead
- Campbelltown
- Picton
- Tahmoor

The majority of the development pipeline is located around Gilead and Menangle. Areas such as Appin, Wilton and Douglas Park do not have as many lots in the supply pipeline currently. However, future residential subdivisions could add to the pipeline and therefore the competition the Subject Site faces.

The timing of proposed lots will impact the demand for lots on the Subject Site.

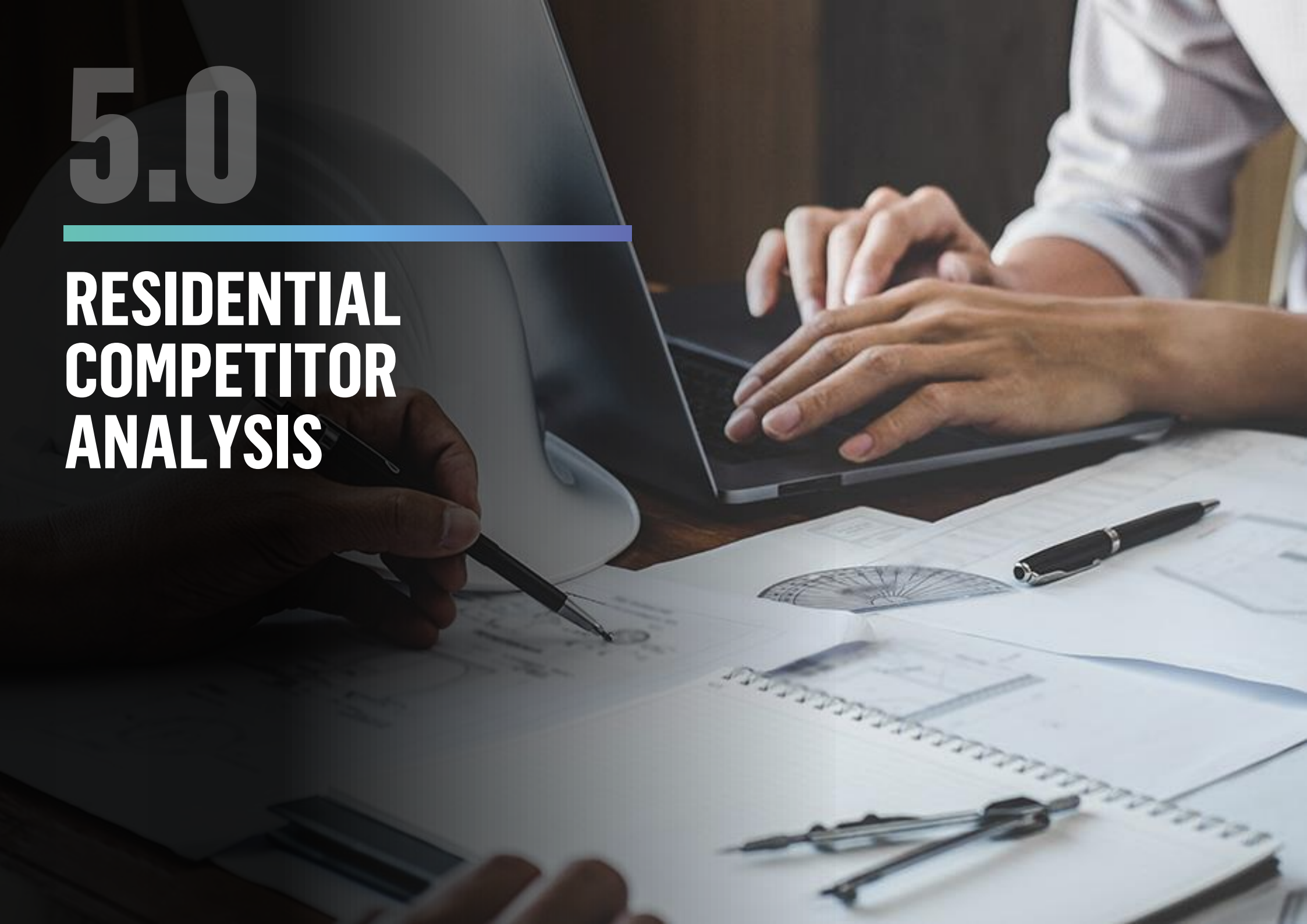
Future Residential Supply (Lots) — Map 4.1



Source: Urbis; Cordell Connect

5.0

RESIDENTIAL COMPETITOR ANALYSIS



EXISTING COMPETITION SUMMARY

Key Competing Locations

Competing locations are those which are competing directly for potential buyers with the Subject Site. They generally are:

- Located in the Greater Macarthur Growth Area or Southwest Growth Area.
- Positioned at the affordable end of the market
- Have residential lots located close to amenities
- Accessible by road.

South-west Sydney's residential lots are in high demand as the region experiences exponential growth and development. This comes as significant infrastructure, employment and housing is planned to be developed in the region.

The housing market has seen a downturn in the last year, with rising interest rates cooling demand. Untapped growth areas such as the Subject Site, still represent an attractive opportunity for buyers to obtain property in the Greater Sydney market.

Lot Mix

An analysis of recent lot sales by size across the SW Sydney region indicates a trend towards smaller lot sizes to meet market demand and help address affordability constraints.

- **Figtree Hill** has lots ranging from 375 to 675sq.m+, with 55% of lots ranging from 500-549 sq.m.
- **The Village Menangle** attains lots ranging from 450 to 675sq.m, with 45% of lots ranging from 500-549sq.m.
- **Bingara Gorge** has the largest size lots, with 32% greater than 900sq.m, with a price range of up to $1,400,000. This development has the widest range of lot sizes out of all competing developments in the Study Area, ranging from 375 to 900sq.m+.
- **Wilton Greens** has the largest amount of small land sizes ranging between 275 to 350sq.m, along with the lowest starting prices at around $384,600.

Most projects in the Study Area have comprised a high proportion of 450 to 550 sq.m lots sizes. This mix is reflective of planning controls that have limited the number of smaller lots that developers can provide but also the embryonic nature of many projects where it is common for land developers to often sell large lots in the early stages of a project to promote project character and brand.

This means there could be untapped demand for smaller and medium density lots within the Study Area.

Pricing

The pricing across the profiles projects differs considerably, with prices having risen significantly in the 18 months to June 2023.

Figtree Hill in Gilead released 15 lots on 23 November 2022, with lots achieving strong prices of around $609,000 - $717,000 for lots of 482 - 667 sq.m

- Across the profiled projects, average price ranges are around:
  - ~400 sq.m: $1,370 per sq.m
  - ~500 sq.m: $1,250 per sq.m
  - ~600+ sq.m: $1,160 per sq.m

FIGTREE HILL

Developer	Lendlease
Location	Gilead
Council Area	Campbelltown City Council
Location Characteristics	• 10 minutes' drive to Campbelltown, and 30 minutes to Liverpool • 12 minutes to Western Sydney University (Campbelltown campus) and 30 minutes to Wollongong University • 30 minutes to Wollongong beaches
Project Launch	February 2022
Status	Development
Total Lots	~1,700
Lot Sizes (sq.m)*	375 sq.m – 680 sq.m
Estate Description	The estate offers approximately 20 hectares of natural bushland, parks, playgrounds and open spaces. The estate will also include local convenience stores and a new community centre.

Lot Sizes	**Mix (%)**	**Price Range***
375-449 sq.m	16%	$552,000 - $612,000
500-549 sq.m	55%	$641,000 - $645,000
550-650 sq.m	27%	$680,000 - $690,000
650 sq.m+	2%	$691,000 - $717,000
Average Lot Sales	Since February 2022, there have been six land releases, in which 50 lots were sold in releases 1,2 and 3. An additional 30 lots entered the market in release 4, followed by an additional 33 lots in released across stages 5 and 6. This equates to a total of 213 lots. The project has sold 212 lots from February 2022 to November 2022, equating to a take-up rate of 24 lots per month.	
Buyer Profile	The estate offers a broad buyer profile, ranging from first home buyers to growing families and downsizers. The development has also proven attractive to investors	

** Price as of October to November 2022*
Source: IPG, *Urbis*

THE VILLAGE – MENANGLE

Developer	Mirvac
Location	15 Menangle Road, Menangle
Council Area	Wollondilly Shire LGA
Location Characteristics	• Nearest retail, health, entertainment and transport hub is 10 minutes away at Campbelltown • The City of Liverpool is 30 minutes by car • 10 minutes drive to Macarthur Square • Sydney's second airport and Aerotropolis will be just 35 minutes away.
Project Launch	May 2021
Status	Active-selling
Total Lots	~379
Lot Sizes (sq.m)*	450sq.m - 675sq.m
Estate Description	The Village, Menangle at the entry to the estate is a 1.35-hectare community park for active and passive recreation.

Lot Sizes	Mix (%)	Price Range*
450-475 sq.m	-	$625,000 - $645,900
500-549 sq.m	45%	$669,900 - $735,660
550-674 sq.m	33%	$738,900 - $770,900
675 sq.m+	22%	$792,900 +
Average Lot Sales per Year	The project has sold 166 lots from May 2021 to May 2022, equating to a take-up rate of 14 lots per month since project launch.	
Buyer Profile	The development has attracted young families.	

** Price as of May 2022*
Source: Urban Land Housing

BINGARA GORGE

Developer	Metro Property (Lend Lease Communities)
Location	Off Picton Road, Wilton
Council Area	Wollondilly Shire LGA
Location Characteristics	• 3.0 km to future Wilton Town Centre • 60-min south-west of Sydney CBD • 10km to the Picton town center, 25km from Campbelltown, 35km from Wollongong • 25-min drive to Macarthur Square Shopping Centre
Project Launch	January, 2008
Status	Active-selling – final stages
Total Lots	~1,800
Lot Sizes (sq.m)*	357sq.m – 1,250sq.m
Estate Description	The Bingara Gorge masterplan incorporates residential, parks and green space, public school, a village heart and recreational hub, all wrapped around an 18-hole golf course.

Lot Sizes	Mix (%)	Price Range*
375-449 sq.m	8%	$590,000 - $630,000
450-524 sq.m	15%	$630,000 - $697,500
525-600 sq.m	16%	$697,500 - $770,000
675-825 sq.m	29%	$775,000 - $950,000
900 sq.m+	32%	$965,000 - $1,400,000

Average Lot Sales per Year	As of October 2022, the project has sold 1,149 lots since the project launch, resulting in an average of 6 sales per month, equating to a take-up rate of 78 lots per year. Throughout 2022 there have been periods of limited development. Sales were higher from 2009 to 2012, averaging around 110 per year.
Buyer Profile	The Bingara Gorge estate offers a broad range of living choices, with premium lifestyle amenity and connections. The relatively affordable price range in comparison to properties with closer proximity to the Sydney CBD has enticed predominantly young families and first home buyers to the area.

** Price as of October 2022*
Source: Urban Land Housing

WILTON GREENS

Developer	Risland Australia Pty Ltd
Location	Janderra Lane, Wilton
Council Area	Wollondilly Shire LGA
Location Characteristics	• 2.5 kilometres to future Wilton Town Centre • 25 minutes drive to the University of Wollongong • 1 Hour drive to Sydney CBD • 30 kilometres from Macarthur Square shopping centre and Campbelltown
Project Launch	September, 2020
Status	Active-selling
Total Lots	~3,600
Lot Sizes (sq.m)	275sq.m - 825sq.m
Estate Description	The Wilton Greens masterplan includes two employment hubs, a local neighborhood centre, seven large parks and playgrounds, several kilometres of cycle paths and 8.5ha of open spaces.

Lot Sizes	Mix (%)	Price Range*
275-350 sq.m	17%	$384,600 - $431,200
450-475 sq.m	35%	$546,000 - $563,900
500-550 sq.m	28%	$580,300 - $608,900
600-825 sq.m	20%	$641,600 - $783,000
Average Lot Sales per Year	The project commenced sales in September 2020 and has sold 555 lots as of August 2022. The average sales per month equals 24.	
Buyer Profile	The relatively affordable price range in comparison to properties with closer proximity to the Sydney CBD has enticed predominantly young families and first home buyers to the area.	

** Price as of May to August 2022*
Source: Urban Land Housing

SUMMARY OF RESIDENTIAL DEVELOPMENTS

Summary of Unit Mix and Sales Rates

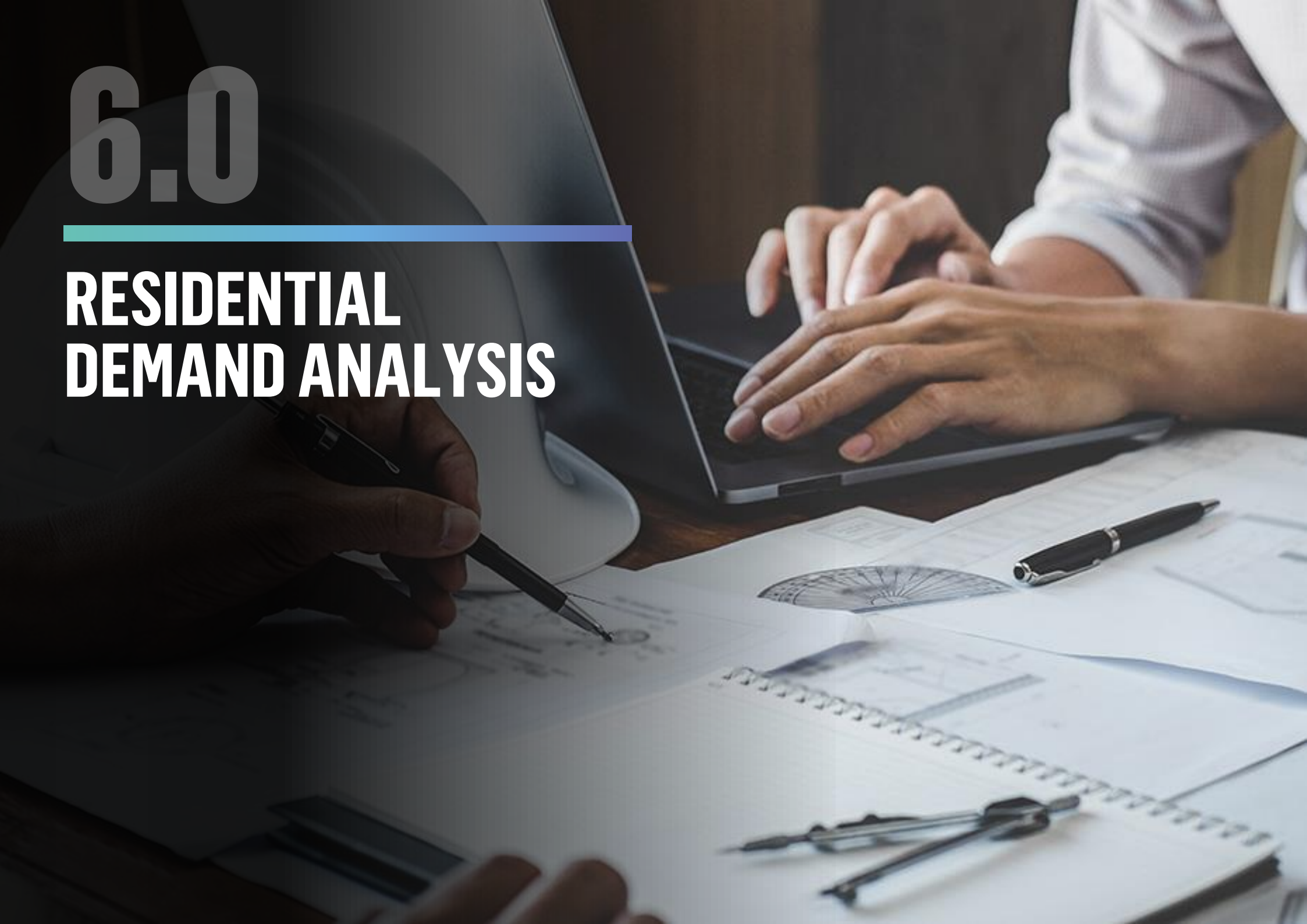
Table 5.1

Project	Suburb	Status	Yield	Lot Sizes (sq.m)	Mix (no.)	Mix (%)	Sales Prices*	Indicative Average Price per sq.m
Figtree Hill	North Appin	Development	1,700	375 - 449	272	16%	$552,000 - $612,000	$1,413
				500 - 549	935	55%	$641,000 - $645,000	$1,226
				550 – 650	459	27%	$680,000 - $690,000	$1,142
				650+	34	2%	$691,000 - $717,000	$1,083
The Village Menangle	Menangle	Active-selling	379	450 - 475	-	-	$625,000 - $645,900	$1,374
				500 - 549	171	45%	$669,900 - $735,660	$1,340
				550 - 674	125	33%	$738,900 - $770,900	$1,233
				675+	83	22%	$729,900+	$1,175
Bingara Gorge	Wilton	Active-selling	1,800	375 - 449	144	8%	$590,000 - $630,000	$1,481
				450 - 524	270	15%	$630,000 - $697,500	$1,363
				525 - 600	288	16%	$697,500 - $770,000	$1,304
				675 - 825	522	29%	$775,000 - $950,000	$1,150
				900+	576	32%	$965,000 - $1,400,000	$1,314
Wilton Greens	Wilton	Active-selling	3,600	275 - 350	612	17%	$384,600 - $431,200	$1,305
				450 - 475	1,260	35%	$546,000 - $563,900	$1,200
				500 - 550	1,008	28%	$580,300 - $608,900	$1,133
				600 - 825	720	20%	$641,600 - $783,000	$1,000

**Refers to sales prices in 2022*
Source: IPG, Urbis, Urban Land Housing

6.0

RESIDENTIAL DEMAND ANALYSIS



MEDIAN LOT PRICES AND SALES

Key Findings

Median lot sales prices in the study area have grown significantly in the last 10 years to $615,500 by early 2022. This represents an average growth rate of 8.4% per annum.

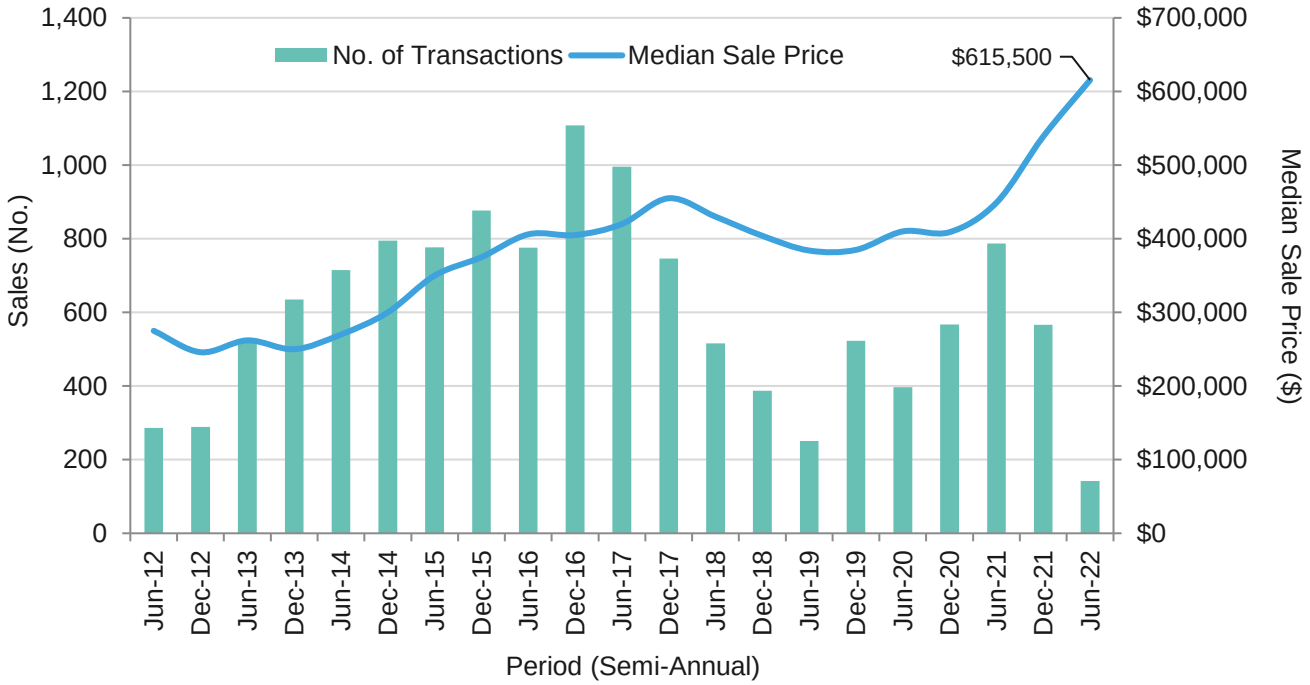
The study area has been resilient to the impacts of COVID-19. Over the two years, until June 2022, sales prices grew by a total of 50.1%. This highlights the relocation trend seen across Australia that has been catalysed by the pandemic, Government incentives and record low interest rates. Buyers are increasingly taking advantage of remote working opportunities and purchasing more affordable homes in the outer suburbs of Sydney.

Over the past 10 years, the study area recorded an average of 603 lot sales per year. Lot sales peaked at 1,108 sales in the second half of 2016, before slowing to just 516 sales in the first half of 2018.

The increase of demand for vacant land in Campbeltown and Wollondilly has resulted in prices climbing significantly which is creating affordability challenges in the area. The price growth is placing downward pressure on lot sizes in order to try and manage affordability constraints. The proposed North Appin development has the potential to provide much needed supply to the market, which will increase competition and offer a mix of product type/sizes in order to reach the broad spectrum of buyers in the market.

The falling number of sales, coupled with increasing median sales prices to record high levels over the past two years reflects a shortage in residential supply.

Historical Residential Lot Price Sales, June 2012 – June 2022 — Chart 6.1



Note: Recent sales volumes do not include off-the-plan sales yet to settle.
Source: Pricefinder; Urbis

MEDIAN HOUSE PRICES AND SALES

Key Findings

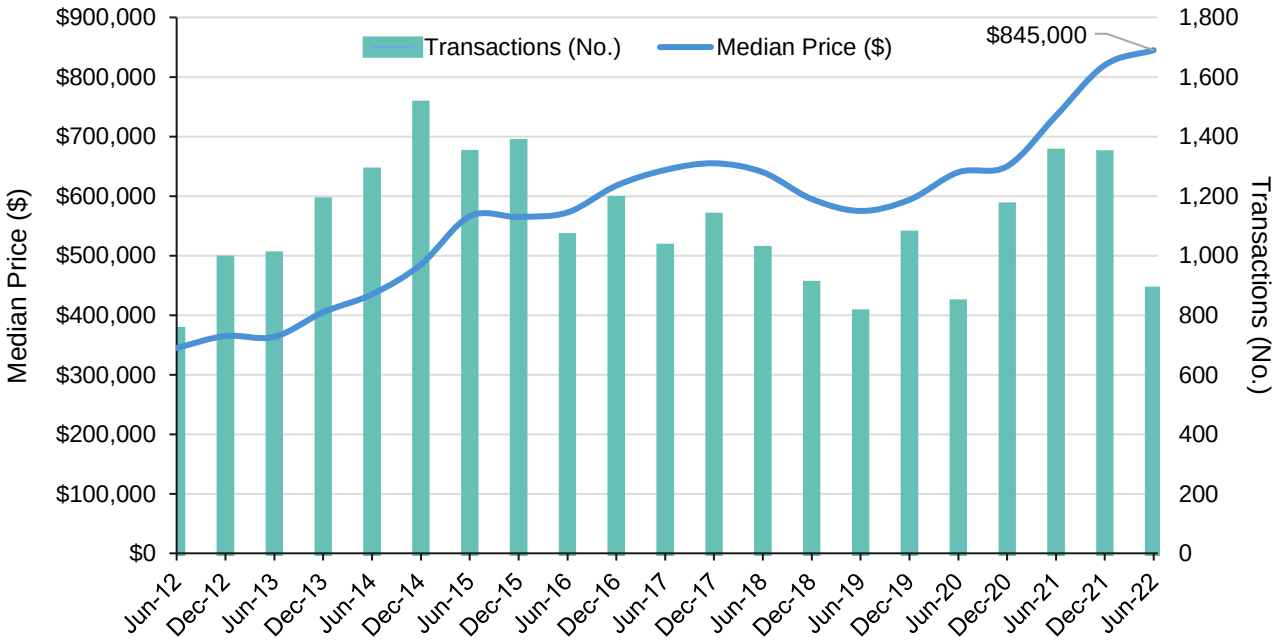
Median house sales prices in the study area have grown significantly in the last 10 years. These sales trends represent the sales of established houses.

The Study Area saw a median house sales price of $345,000 in June 2012 which had grown to $845,000 by June 2022. This represents an average growth rate of 9.4% per annum.

Over the last three years, house sales prices within the study Area have grown at 14% per annum. The sales price growth indicates strong buyer interest in the Study Area.

Over the past 10 years, the Study Area has recorded an annual sales volume ranging from 745 to 1,505. The number of house sales has trended upwards during this period and recorded an increase December 2020 (1,163 sales) – December 2021 (1,338 sales).

Historical House Price Sales, June 2012 – June 2022, Study Area — Chart 6.2



*Note: *June 2022 sales includes settled sales to April 2022*
Source: Pricefinder; Urbis

HOUSING AFFORDABILITY

Key Findings

Table 6.1 compares the median house price and household income in the SW Sydney LGAs. The ratio of median prices to median incomes range from around 8 to 10.5 highlighting the affordability challenges facing local households looking to purchase a family home.

As a result of the affordability challenges in the market, there is a trend towards smaller lot sizes so that developers can provide more affordable housing. Developing smaller lots will allow more supply to be brought to the market, helping to alleviate the housing shortage Sydney is facing.

Housing Affordability — Table 6.1

LGA	Median House Price (Year to August 2022)	Median Household Income - 2021	Price to Income Ratio
Liverpool	$1,000,000	$94,588	10.6
Camden	$1,000,000	$122,356	8.2
Campbelltown	$827,500	$88,400	9.4
Wollondilly	$930,000	$111,852	8.3

Source: Pricefinder; ABS, Urbis

LOT TAKE-UP RATES

Key Findings

Table 6.3 highlights the take-up of land developments in SW Sydney. Overall, the developments have recorded an average take-up rate of 17 lots per month. However, it is noted that the shortage of available supply has impacted the take-up rates for projects.

The Figtree Hill development has achieved a strong launch reflecting the region's pent-up demand over the past few years and its desirable location, situated only 10 minutes south of Campbelltown. Figtree Hill sold 50 lots at its launch in February 2022 and has replicated the take-up in releases two and three.

According to the agent, lots at Figtree Hill sold out rapidly with 212 of 213 lots sold as of November 2022, reflecting the strong market for housing in the Macarthur region. Throughout 2022 there have been periods of limited development, which has impacted the rate of lot sales. The average sales per month at Bingara Gorge equals 6, equating to a take-up rate of 78 lots per year. There was a stronger take-up of new speculative stock from 2009 to 2012, during which take up averaged around 110 per year. Lower take up for Bingara Gorge are likely because of the high amount of 675+sq.m lots for which take longer to sell.

Overall, the take-up in the market indicates that large master-planned communities can achieve average take-up of 20-25 lots per year over the longer term. This average includes higher take-up during boom periods when buyer demand is strong.

Lots Sales Rates for Projects — Table 6.3

Development	Suburb	Launch	Total Lots	Take-up	Months*	Take-up per Month	Years*	Take-up per Year
Figtree Hill	North Appin	Feb-22	1,700	212	9	24	0.75	283
The Village Menangle	Menangle	May-21	379	166	12	14	1	166
Bingara Gorge	Wilton	Jan-08	1,800	1,149	177	6	14.9	78
Wilton Greens	Wilton	Sep-20	3,600	555	23	24	1.11	290
Average			**1,870**	**521**	**55**	**17**	**4**	**204**

**Months/years is date of launch to last known sale*
Source: Marketing Agents; Pricefinder; Urbis

LOT SIZES

Key Findings

Table 6.2 shows the breakdown of settled lot sales by size in SW Sydney over the last 22 months to November 2022.

Liverpool LGA has 64.1% of sales between 150-375 sq.m and only 3.5% of sales above 550 sq.m. Smaller lots are more common in areas such as Liverpool and Camden LGAs due to planning controls in the LGAs.

The Camden LGA has recorded around 75% of sales of lots under 450 sq.m. The Camden LGA only has had 9.2% of lot sales above 550 sq.m.

Campbelltown LGA has experienced greater development of larger lot sizes due to planning requirements. However, due to affordability issues, the lot size demand in both LGAs is trending down to capture first home buyers. Lot sizes in Campbelltown represent a mix of smaller more affordable lots and larger lifestyle lots.

The Wollondilly LGA comprises a greater percentage of sales for larger lots than all other LGA's. This is reflected in the 650-1,000 sq.m range accounting for 33.7% of lot sales. In addition to this, only 30.5% of lot sales were below 450 sq.m.

Demographic trends outlined previously, indicate there is likely to be increasing demand for smaller dwellings. Therefore, the low supply of lots between 150-450 sq.m in Campbelltown and Wollondilly LGA's could represent a gap in these markets.

Lots Sales by Size, Jan 2021 to Nov 2022 — Table 6.2

LGA	150-375 sq.m*	375-450 sq.m	450-550 sq.m	550-650 sq.m	650-1,000 sq.m
Liverpool	64.1%	12.1%	16.9%	3.5%	3.3%
Camden	53.6%	21.5%	15.7%	3.8%	5.4%
Campbelltown	38.9%	27.1%	20.9%	7.0%	6.1%
Wollondilly	29.9%	0.6%	35.8%	9.1%	24.6%
Total Area	48.4%	16.5%	20.9%	5.4%	8.8%

Source: Pricefinder; Urbis
**the bulk of sales are above 200 sq.m*

Potential Take-up at the Subject Site to Achieve Council Targets — Table 6.4

	2026	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Study Area NSW Government Dwelling Projections														
Dwellings	1,560	1,714	1,805	1,939	1,843	2,112	2,202	2,192	2,289	2,357	2,445	2,498	2,398	2,208
Proportion that are House/Medium Density Lots	85%	85%	85%	85%	84%	83%	82%	81%	80%	79%	78%	77%	76%	75%
New Lot Projections														
To Achieve Council Targets	1,326	1,457	1,534	1,648	1,548	1,753	1,805	1,775	1,831	1,862	1,907	1,923	1,822	1,656
Market Share of Subject Site														
Base Case	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%
High Case	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%
Annual Subject Site Demand														
Base Case	186	204	215	231	217	245	253	249	256	261	267	269	255	232
High Case	232	255	269	288	271	307	316	311	320	326	334	337	319	290
Cumulative Subject Site Demand														
Base Case	186	204	419	650	866	1,112	1,365	1,613	1,869	2,130	2,397	2,666	2,922	3,153
High Case	232	255	524	812	1,083	1,390	1,706	2,016	2,337	2,663	2,996	3,333	3,652	3,942

Source: Urbis

MARKET DEMAND

Market Need

The number of households in the Study Area is projected by DPHI to increase from 82,709 in 2022 to 117,865 in 2040 (2022 CPA Population and Dwelling Projections). This equates to growth of around 35,156 households at an average of around 1,900 per year.

To determine demand for new houses and townhouses, we assumed that demand for new houses and medium density dwellings in the Study Area will account for around 85% of future dwelling demand from 2022 to 2030, based on historical approval trends. As land supply in the area is absorbed, we anticipate that apartments will take up a higher proportion of dwelling demand in the Study Area, decreasing demand for new house and medium density dwellings to around 75% in 2040. We expect this to generate demand for between around 1,460-1,920 lots per year over the study period.

Market Share

It is understood that North Appin could begin registering lots by 2026, based on anticipated planning and construction timeframes and the current take-up and development plans for Figtree Hill.

Based on an assessment of the quantum, location and characteristics of proposed competitive supply in the Study Area, the Subject Site development could potentially achieve a market share of new residential lots of around 14% per year for a base case scenario and 17.5% per year for a high case scenario from 2026 onwards.

The Subject Site is anticipated to face competition from major greenfield projects in the Study Area, including:

- Appin
- Wilton
- Menangle
- Gilead
- Campbelltown
- Picton
- Tahmoor

The base case represents an “as is” scenario where the competing supply pipeline does not change substantially.

The base case equates to around 185 lots in 2026 (or ~15 lots per month), increasing to an average of around 270 per year by 2038 onwards (~23 lots per month), as outlined in the table overleaf.

The high case scenario reflects the Subject Site, as a masterplanned community development, attracting greater demand than competitors. It also assumes that a proportion of the supply pipeline will not come to fruition, reducing competition for buyers.

The higher market share under the high case would result in the Subject Site having a projected take-up of around 230 lots (~20 lots per month) in 2026, increasing to around 240 lots sold by 2038 (~28 lots per month).

Under these scenarios, the Subject Site will be able to sell between 240-300 (around 20-25 per month) on average across the project timeframe.

Assuming that the Subject Site will deliver ~3,000 dwellings, we estimate the Subject Site will take around 10-12 years to be sold out.

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RECOMMENDATIONS

RECOMMENDATIONS

Recommendations

The following outlines the recommended mix and take-up for the Subject Site.

Dwelling Mix and Density:

The proposed dwelling mix within the Draft Structure Plan, which includes a mix of low and medium density lots, is supported by the residential needs assessment. The mix includes:

- Approx. 80% Low Density lots (≤ 25dw/h)
- Approx. 20% Medium Density lots (≥ 26dw/h)

The proposed dwelling mix provides a range of dwelling sizes, designed to cater to a broad market. Low density lots are located throughout the precinct within easy access of bushlands and amenity such as sporting infrastructure. Low density lots are expected to be in strong demand as they meet buyer preferences within the Greater Sydney market. The lower density lots are expected to be attractive to first-home buyers who are looking for stand alone lots and face affordability constraints purchasing closer to the city centre.

Medium density lots are proposed to be located near key amenity such as the school, town centre and the sports fields. Medium density lots will likely be in demand as they provide convenient access to amenity such as schools, retail and sporting fields at an affordable price. However, the market for medium density lots in the area is largely untested.

Demand for higher density apartments would be relatively lower due to buyers in North Appin looking for more space and facing competition for apartment markets in Campbelltown that are around train stations.

Take-up:

The North Appin development is anticipated to achieve an average take-up of 240 – 300 lots per year (across the market cycle) across the development timeframe. This equates to around 20-25 lots sold per month. The sales activity in each year will fluctuate depending on the economic cycle and the amount of competition faced from competing developments. This take up is based on the majority of supply in the early stages being low density lots. The market for medium density lots in the Greater Macarthur Region is largely untested meaning there is some uncertainty on the take-up for this product until onsite amenity (retail, education, transport and recreation etc.) is provided.

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