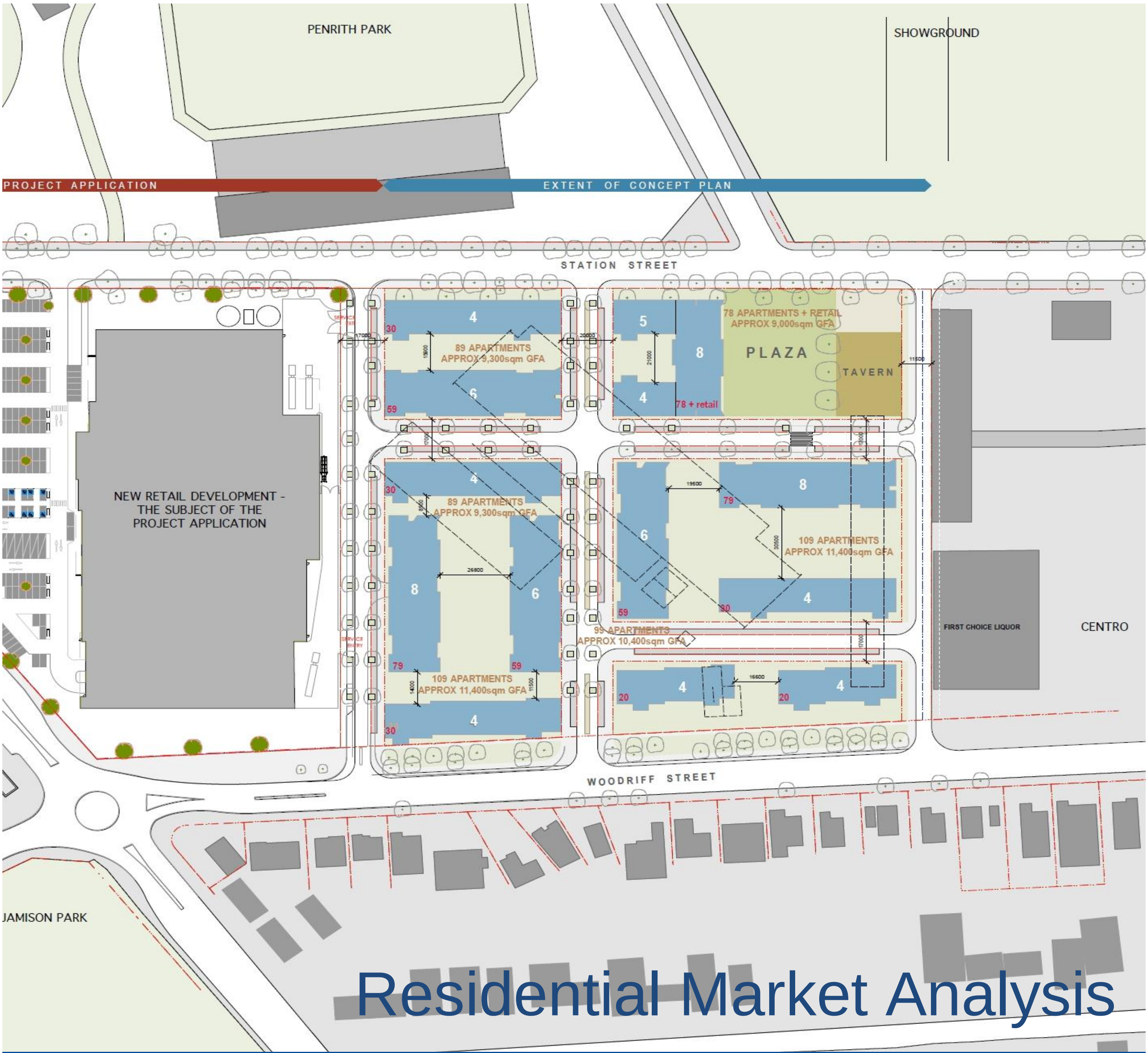


Residential Market Analysis

Station Street Economic Impact Assessment

July 2012

urbis

URBIS STAFF RESPONSIBLE FOR THIS REPORT WERE:

Director	Clinton Ostwald
Associate Director	Brendan Woolley
Consultant	Ryan McKenzie
Job Code	SPE0349
Report Number	Final

URBIS
Australia Asia Middle East
urbis.com.au

TABLE OF CONTENTS

FIGURES:

PICTURES:

TABLES:

TABLE OF CONTENTS

Introduction

Urbis has been instructed by Parkview Penrith Pty Limited to complete an Economic Impact Assessment (EIA) in relation to a proposed development located in Station Street, Penrith. The development will feature retail and residential stages with preliminary project details as follows:

- Retail – a ‘Masters Home Improvement’ store is mooted within the southern section of the property. The store will feature a GLAR of approximately 13,603sq.m and on-site parking provision.

- Residential – 570 residential apartments across 12 buildings within the northern component of the site. The buildings will range in scale from 4 to 8 storeys and each accommodate between 20 to 79 apartments. A retail plaza and tavern will also be located in this section of the site.

The development was initially proposed to accommodate approximately 1,100 apartments, with this yield reduced in order to accommodate the Masters store.

This ‘Residential Market Analysis’ has been requested as part of the EIA to determine the implications of a reduction in the total residential yield on dwelling supply within the broader Penrith region. More specifically the analysis is required to address the following:

  – Residential densities and types of housing sought by the proposal;

  – Address the adequacy of housing supply on the site having regard to the local planning controls and the objectives/aims of the relevant State and regional strategies for the locality.

  – The impact of the proposal on providing high density residential development in the Penrith City Centre and any broader implications for meeting Council’s housing targets in the Penrith City Centre under the Metropolitan Plan.

  – Justification for not including any residential component in the Stage 1 Masters proposal, in the context of the site’s zoning for high density residential development.

In order to complete the Analysis, the following tasks have been undertaken:

- Review of the proponent’s latest residential proposal for the property.

- Demographic profile of the local community, based on ABS Census data for Penrith. This has included a review of the following community characteristics:

  – Migration patterns;

  – Total population;

  – Population density (persons per hectare);

  – Age profile;

  – Dwelling types;

  – Household structure and size (including average household occupancy rates);

  – Household tenure;

  – Household income;

  – Housing costs: weekly rental payments and monthly loan repayments;

  – Motor vehicle ownership;

- Method of travel to work.

- High level overview of the local residential market including:
  - A review of local dwelling stock;
  - A capital and rental value median price point review;
  - Consultation with local active real estate agents and developers to gain further insights into the local market.
- Review of current and proposed residential developments identifying the type, quantity, location, indicative timing of future dwelling supply.
- Review of Local and State Government planning policies with a focus on dwelling targets for the broader Penrith area.
- Comparison of forecast demand and supply benchmarked against the projections / anticipated levels of supply identified by Government.
- Assessment of the impact of a reduced dwelling within the subject proposal on localised dwelling supply targets.

1 Development Proposal Summary

1.1 CONCEPT PLAN

A Concept Plan application has been prepared for the subject property which proposes a mixed use development featuring residential apartments, a Masters Home Improvement store, neighbourhood shops, a food and drink premises and a tavern.

It is noted that the property had previously been master plan approved for a development comprising 1,100 residential apartments, 3,000sq.m retail, 20,000sq.m commercial and 27,400sq.m other mixed uses.

The updated development proposal is outlined below and is planned to be undertaken in 6 stages with the residential component (forming the basis of this review) proposed within stages 2 to 6.

Stage 1 - a Masters Home Improvement store featuring approximately 13,603sq.m plus associated servicing infrastructure. The Home Improvement store building will be divided into four separate components:

– General sales area of approximately 7,539qm.

– Nursery area of approximately 2,234sqm.

– Trade sales area of approximately 2,323sqm.

– A small internal restaurant / café of approximately 160sqm.

Stages 2 to 6 – a mixed use development containing 60,000sq.m of residential floorspace, an 1,800sq.m tavern and additional supporting retail. The development is proposed to accommodate a total of 570 apartments. More specifically the residential stages are detailed below.

▪ **Stage 2** - approximately 9,300sqm of residential development with approximately 89 apartments including:

  – A four storey residential building containing approximately 30 apartments

  – A six storey residential building containing approximately 59 apartments.

▪ **Stage 3** - residential development with ground floor retail of approximately 9,000sqm and a tavern including:

  – A four to eight storey residential building containing approximately 77 apartments with ground floor retail premises.

  – Communal open space in the form of a plaza.

  – A tavern of 1,800sqm.

▪ **Stage 4** - approximately 20,700sqm of residential development with approximately 196 apartments including:

  – Two 4-storey residential buildings containing 28 & 30 units respectively.

  – An eight storey residential building containing 79 units.

  – A six storey residential building containing 59 units.

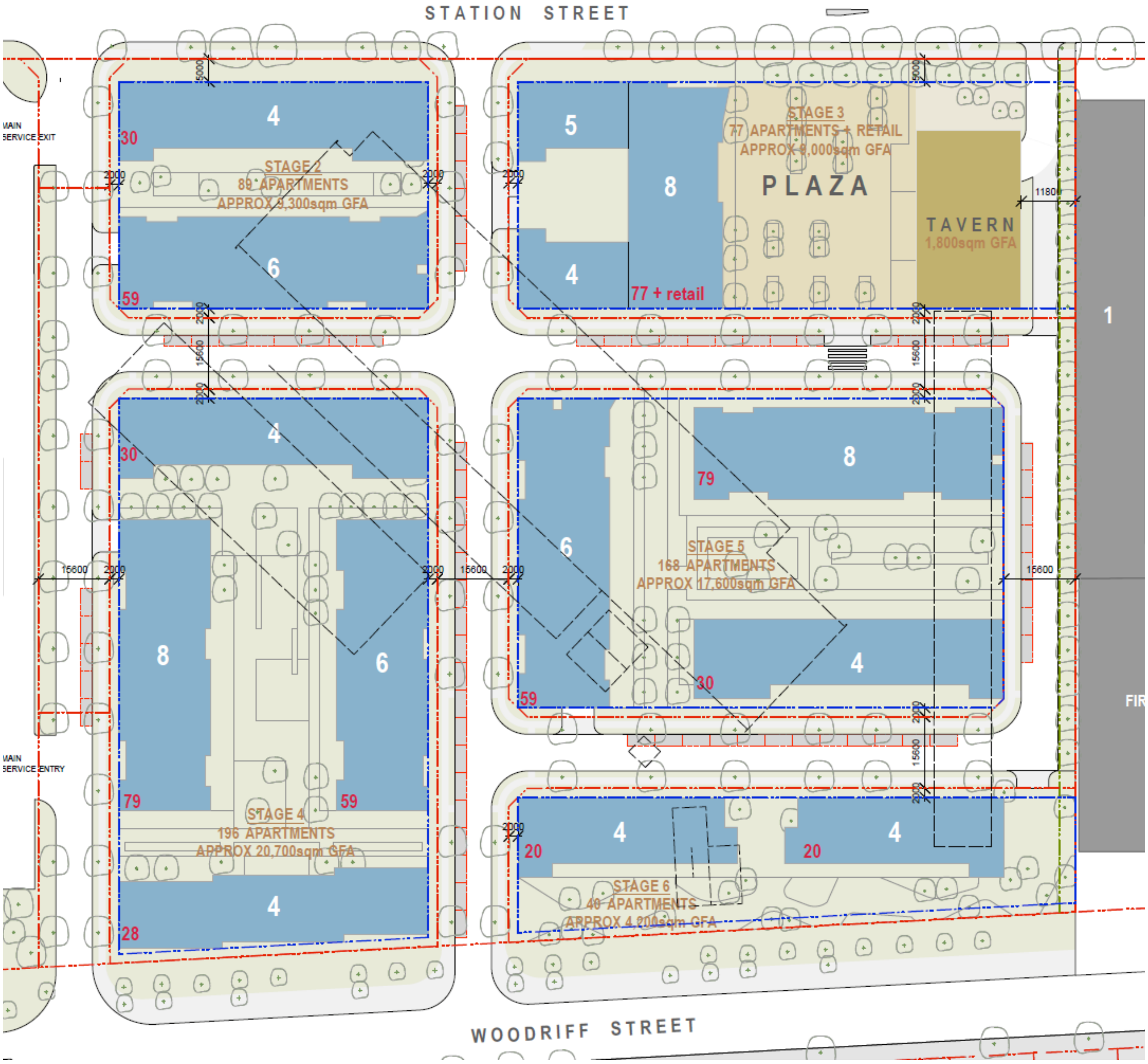
▪ **Stage 5** - approximately 17,600sqm of residential development with approximately 168 apartments including:

- A four storey residential building containing 30 units.
- A six storey residential building containing 59 units.
- An eight storey residential building containing 79 units.

- **Stage 6** - approximately 4,200sqm of residential development with approximately 40 apartments split between two x 4-storey residential buildings.

The following extract from the Concept Plan highlights layout of the residential component and number of levels / apartments within each building.

FIGURE 1 – RESIDENTIAL CONCEPT PLAN



2 Migration and Study Area Analysis

2.1 MIGRATION

A review of inflow and outflow migration data has been undertaken to determine the potential catchment of residents relocating to the area. The review identifies the net volume and demographic characteristics of those relocating to the area and highlights where potential new investors will relocate from.

In analysing migration patterns, the 2001 and 2006 Australian Bureau of Statistics Census years have been relied upon as 2011 migration related Census data will not be released until October 2012.

2.1.1 INFLOW MIGRATION

Over the period 2001 to 2006, there were a total of 172,142 migrations into Penrith LGA. The majority of inflow migration was by existing Penrith LGA residents (intra-migration). This internal migration accounted for 72.3% of all inflows (124,484 people). Many real estate agents active within the residential market have reported substantial interest for new developments by Penrith LGA residents with some land subdivisions achieving 90% of sales to local residents.

Migration sources from outside Penrith LGA included Blacktown (3.5%, 5,876), overseas locations (1.8%, 3,174), and non-metro NSW (1.7%, 2,926). Additional source locations (each accounting for less than 1% of inflows) included the LGAs of Blue Mountains, Hawkesbury, Holroyd, and also Queensland. It is important to note that 13.4% or Census respondents indicated either ‘Not Applicable’ or ‘Not Stated’ many of which are likely to be residents from the Penrith region.

Origin location of migration inflows and number of migrations are listed in Table 1. A graphical depiction is shown in Figure 2.

Table 1 – Inflow Migration

Migration into Penrith LGA

2001-2006

Origin Location	Number	Proportion
Penrith (C) - East	68,031	39.5%
Penrith (C) - West	56,453	32.8%
Not applicable	12,877	7.5%
Not stated	10,087	5.9%
Blacktown (C) - South-West	3,707	2.2%
Overseas	3,174	1.8%
Other NSW	2,926	1.7%
Blue Mountains (C)	1,608	0.9%
Blacktown (C) - South-East	1,308	0.8%
Hawkesbury (C)	1,104	0.6%
Holroyd (C)	1,000	0.6%
Blacktown (C) - North	861	0.5%
Queensland	836	0.5%
Balance Sydney SD	8,170	4.7%
Total	**172,142**	**100%**

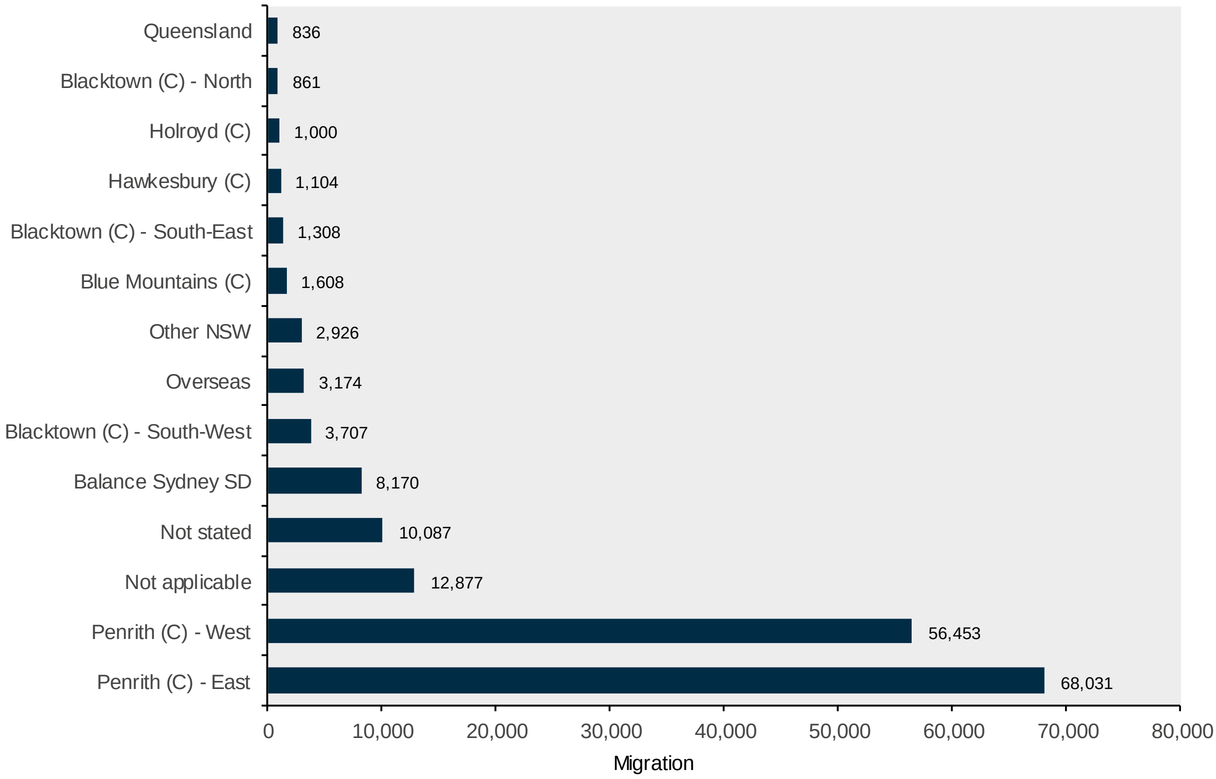
Source : ABS Census, 2001 and 2006; Urbis

This indicates that the source of new residents between 2001 and 2006 is likely to occur locally, from within the Penrith LGA.

FIGURE 2 – INFLOW MIGRATION

Migration into Penrith LGA

2001-2006



Source : ABS Census 2001and 200 6; Urbis

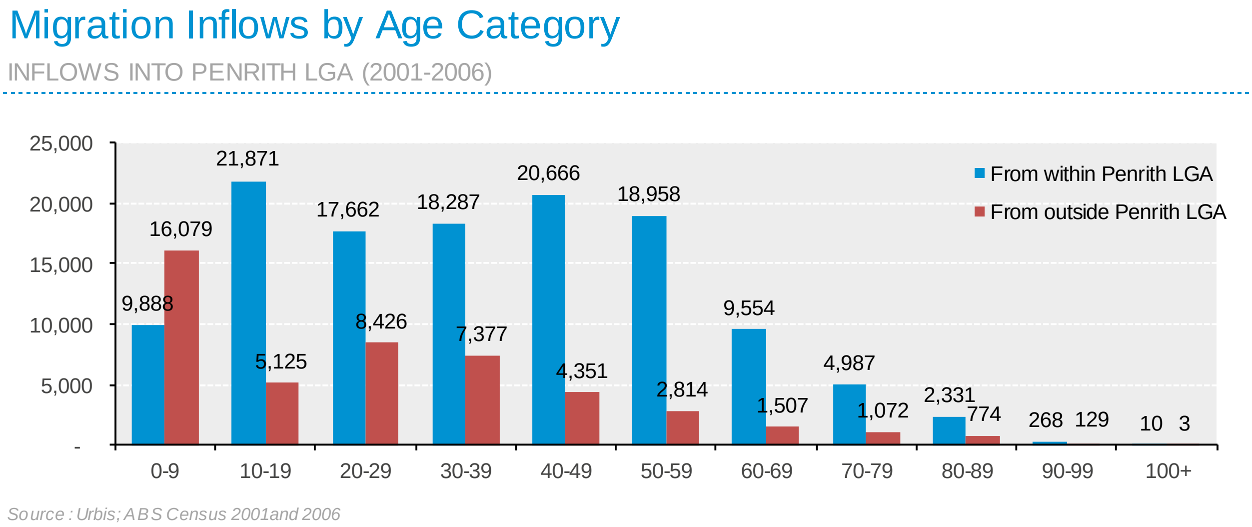
Figure 3 illustrates the age profile of new and existing residents who relocated to Penrith LGA. Given the high volume of existing Penrith residents in this category, migration inflows have been separated into inflow migrations from within Penrith LGA and from outside Penrith LGA.

Of those residents that relocated within the LGA itself, 18% were aged 10-19, 17% were aged between 40-49 and 15% were aged between 30-39. This is representative of slightly older families that are upgrading houses, likely to be 2nd and 3rd home owners.

Of those residents who relocated from outside Penrith LGA, the most significant age category were residents aged between 0-9 (34%), followed by those aged between 30-39 (15%) and those aged between 20-29 (14%). This is highly representative of young families, primarily first home buyers.

Both internal and external inflow migration sources indicate a broad focus on family households locating within the area. This would suggest that new stock be catered towards adequate provision of housing suitable of accommodating family households.

FIGURE 3 – MIGRATION INFLOWS BY AGE CATEGORY



Historic migration patterns indicate that the majority of interest for new development in Penrith LGA will most likely emanate from existing residents (and to a lesser extent people in neighbouring LGAs). Figure 4 highlights the primary locations of residents locating to Penrith LGA

Given the prevalence of intra-migration, Penrith LGA has been adopted as the primary study area. Figure 5 indicates the geographic boundaries of the study area (Penrith LGA), location of Penrith suburb and position of the subject site.

FIGURE 4 – MIGRATION INTO PENRITH LGA

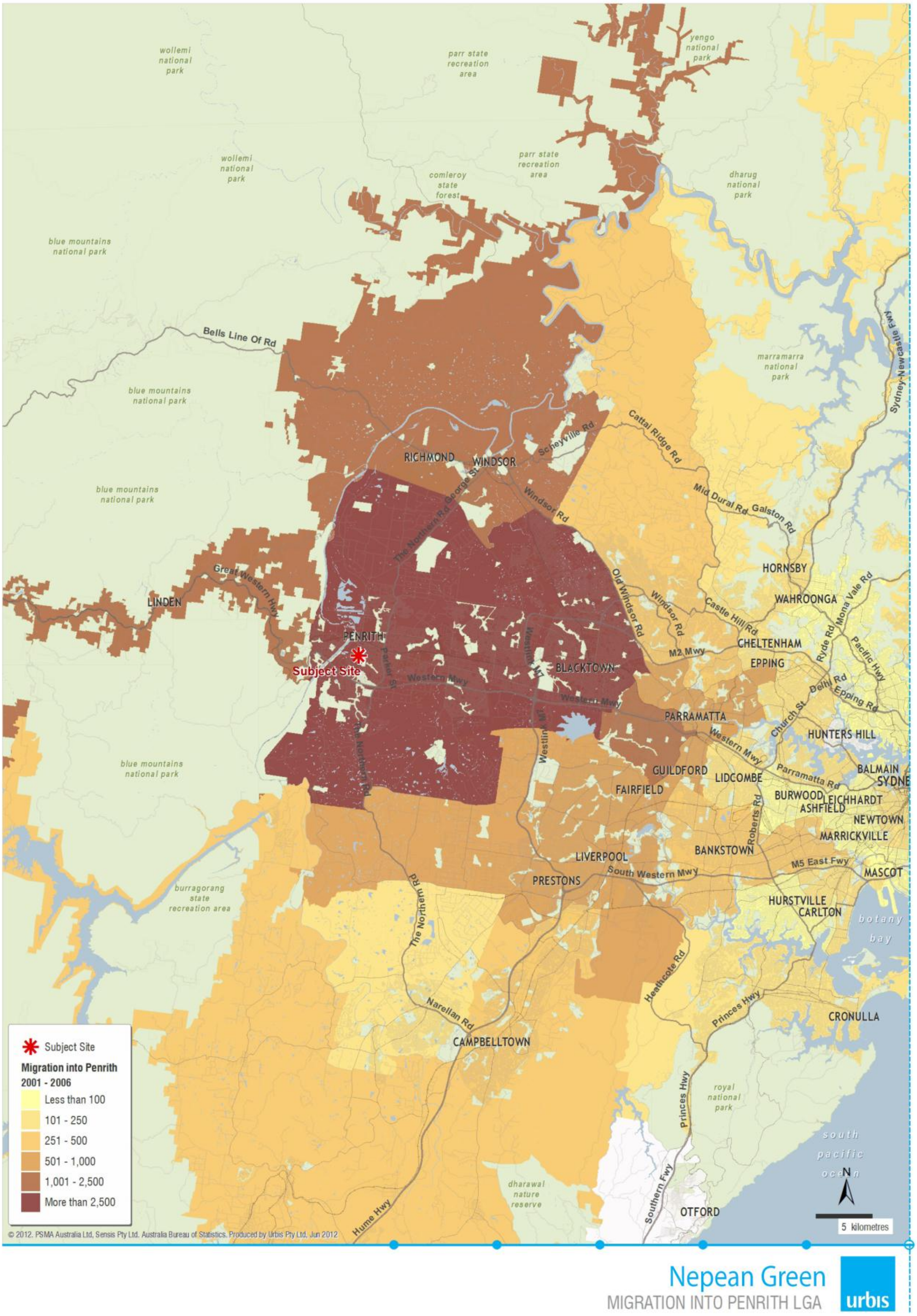
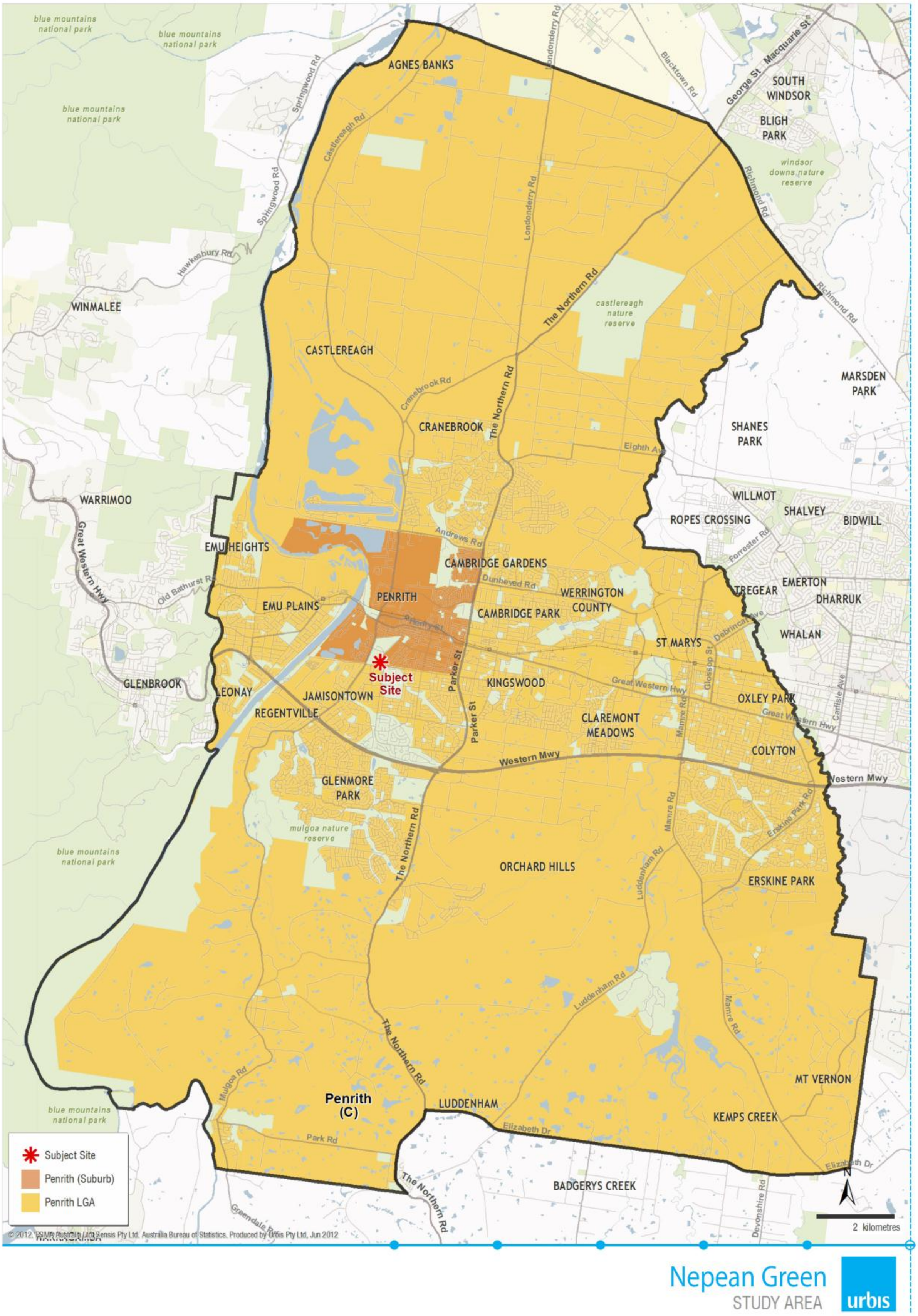


FIGURE 5 – STUDY AREA



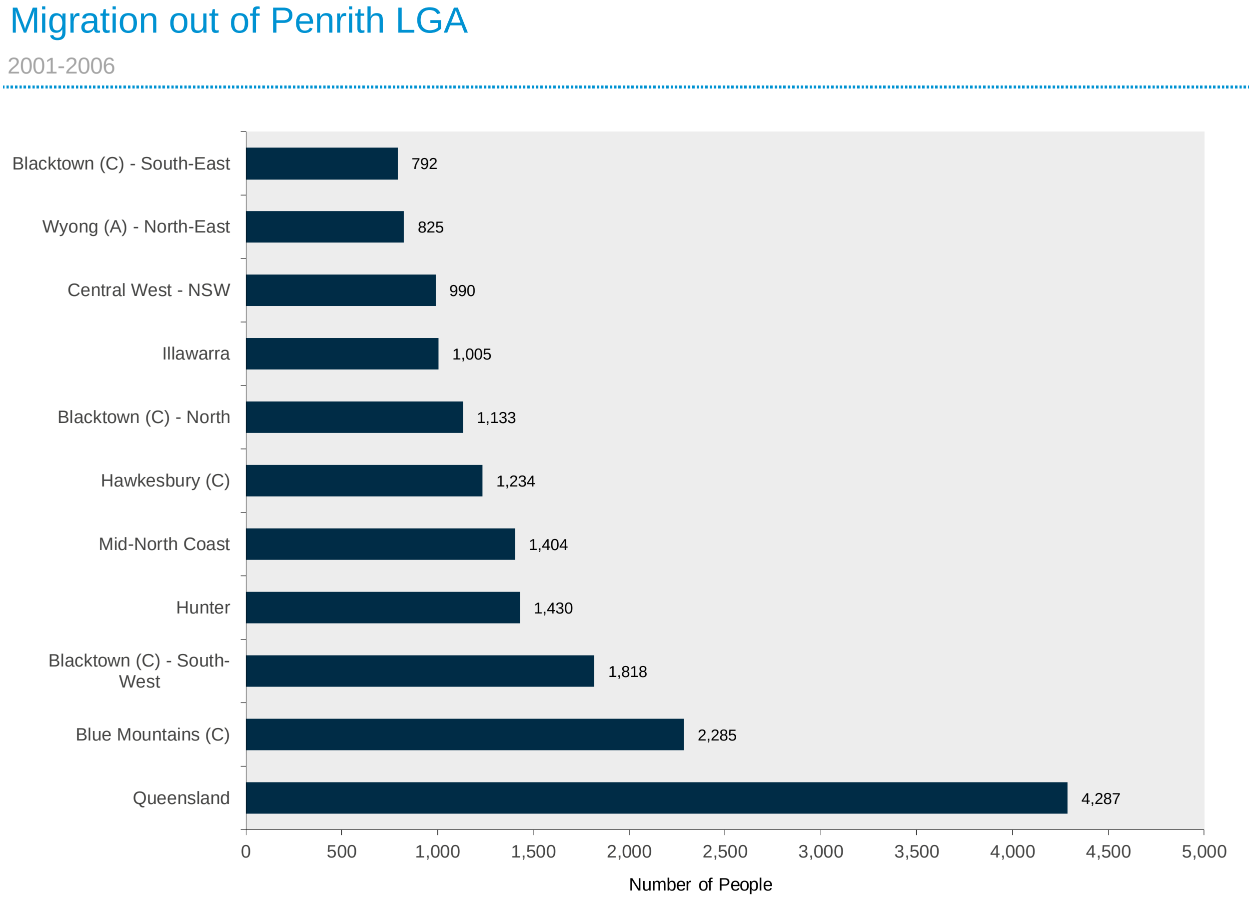
2.1.2 OUTFLOW MIGRATION

Over the period 2001 to 2006, approximately 29,797 residents relocated out of Penrith LGA. Within the Sydney SD, the highest outflows were to neighbouring regions including Blacktown (13%) and the Blue Mountains (8%).

Non-Sydney SD outflow migrations in New South Wales aggregated to 19%, with the Hunter (5%) and Mid-North Coast (5%) receiving the most Penrith LGA residents.

Some 22% of migrations were interstate, with the majority of relocating to Queensland (14%).

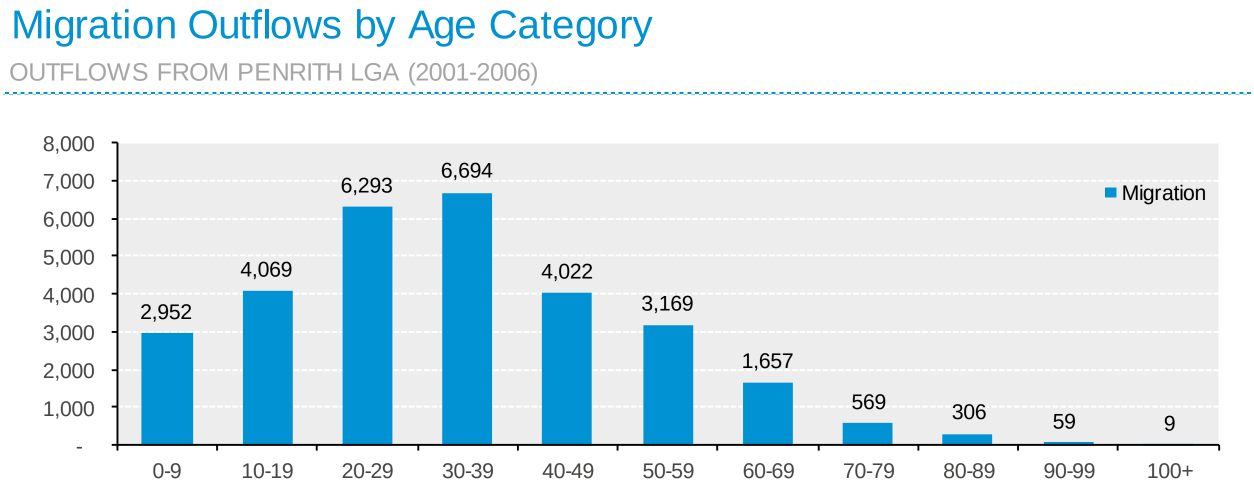
FIGURE 6 – DESTINATIONS OF OUTFLOW MIGRATION



Source : ABS Census 2001 and 200 6; Urbis

Figure 7 overleaf illustrates the age profile of residents migrating out of Penrith LGA. A high proportion of the outflow migrations were by residents aged between 20-29 and 30-39, representing 21% and 22% of total respective movements. In contrast, the 0-9 and 60+ age groups represented the smallest proportion of resident outflows. This indicates that movement out of the study area is more likely by non-family / couple households, with a smaller proportion of families with children.

FIGURE 7 – MIGRATION OUTFLOWS AGE CATEGORY



Source : Urbis; ABS Census 2001and 2006

2.1.3 NET MIGRATION

Based on a review of inflow and outflow migration data for the period 2001 to 2006, we have determined that the Penrith LGA experienced net positive migration in the order of 17,858 residents. This equates to demand for approximately 6,158 new dwellings in the LGA, based on the 2006 average household size of 2.9 persons. It is noted that this household size is unchanged within the 2011 Census.

This reflected a requirement in the order of 1,236 new dwellings per annum over and above existing stock over the 5 year period.

3 Demographic Analysis

In this section, the demographics of residents residing in the Penrith LGA study area are reviewed. In addition, demographic characteristics of Penrith suburb (location of the subject property) and the Greater Sydney Region are analysed to provide a point of comparison.

The analysis includes a review of broad socio-economics features (age characteristics, household structure, household size, incomes), journey to work data and the employment profile.

Data has primarily been sourced from the 2011 census with the exceptions being journey to work and employment information. The relevant data will not be released until October 2012 and accordingly the 2006 Census has been relied upon.

3.1 AGE CHARACTERISTICS

Penrith LGA accommodates a high proportion of residents aged 0-19, higher than both Penrith Suburb and the Greater Sydney region. The LGA also has a lower proportion of residents aged over 70, reflected in the lower average age of 32 which is 4 years lower than Greater Sydney. This indicates a prominence of family households in the Penrith LGA, detailed in the next section.

Age characteristics of Penrith suburb are typically in contrast to the LGA, featuring a higher median age, a lower percentage of 0-19 year olds and higher percentage of residents aged 70+. There is a greater proportion of 20-40 year olds indicating fewer households with children and smaller household sizes (higher density residential stock).

TABLE 2 – AGE CHARACTERISTICS

Age Characteristics

PENRITH LGA, PENRITH STATE SUBURB AND GREATER SYDNEY REGION

	Penrith LGA	Penrith Suburb	Sydney
Population	178,465	11,813	4,391,676
Median Age	32	37	36
Age 0-9	14.5%	12.1%	13.1%
Age 10-19	14.4%	10.3%	12.4%
Age 20-29	15.0%	16.8%	14.7%
Age 30-39	14.5%	14.8%	15.3%
Age 40-49	13.7%	12.4%	14.3%
Age 50-59	12.9%	10.9%	12.2%
Age 60-69	8.8%	9.4%	9.0%
Age 70+	6.2%	13.3%	9.0%

Source : ABS Census 2011; Urbis

It is worth noting that the population reported in the 2011 Census was lower than the 2009 Bureau of Transport forecast by 3,574 residents, which estimated that Penrith LGA would house 182,039 people by 2011.

3.2 HOUSEHOLD TYPE

There is a higher proportion of family households in Penrith LGA (78%) compared to the Greater Sydney Area (73%) and the Penrith suburb (57%). Non-family households represent a significantly lower proportion as a result (22%), compared with 27% in the Sydney SD and 39% in the Penrith suburb.

The high proportion of non-family households in the Penrith Suburb appears to broadly support a higher proportion of 1 and 2 bedroom dwellings being provided within Penrith suburb.

TABLE 3 – HOUSEHOLD STRUCTURE

Household Structure

PENRITH LGA, PENRITH STATE SUBURB AND GREATER SYDNEY REGION

	Penrith LGA	Penrith Suburb	Sydney
Family Household	78.3%	57.2%	73.1%
Non-Family Household	21.7%	42.8%	26.9%
Group	2.5%	4.2%	4.3%
Lone Person	19.2%	38.6%	22.6%

Source : ABS Census 2011; Urbis

3.3 FAMILY COMPOSITION

Of the locations reviewed, Penrith LGA accommodates the highest proportion of family households with children accounting (50% of all households). This includes 32.4% of households with children under 15 and 17.3% with children over 15. Penrith LGA. It is noted the study features a greater proportion of older families, than both Penrith suburb and Greater Sydney (each with 11%).

Penrith Suburb has a higher proportion of couple families with no children (36%) compared with Penrith LGA (30%) and the Sydney region (22%), indicating a large proportion of two person households.

Over the next 25 years the Department of Planning and Infrastructure is projecting significant growth in the number of residents aged 70+ (16,179 additional residents in this category – representing 21% of all growth). As such, the proportion of couple families with no children (empty nesters) is anticipated to increase, and as a consequence so too will demand for more appropriate smaller scale dwellings.

TABLE 4 – FAMILY COMPOSITION

Family Composition

PENRITH LGA, PENRITH STATE SUBURB AND GREATER SYDNEY REGION

	Penrith LGA	Penrith Suburb	Sydney
Families	48,360	2,889	1,152,551
Couple family with no children	29.6%	35.5%	33.5%
Couple family with children under 15	32.4%	24.7%	32.5%
Couple family with no children under 15	17.3%	10.6%	16.4%
One parent family with children under 15	10.3%	14.2%	7.3%
One parent family with no children under 15	8.9%	12.0%	8.4%
Other	1.5%	3.0%	1.9%

Source : ABS Census 2011; Urbis

3.4 INCOME PROFILE

The average household income in both Penrith suburb ($1,274) and LGA ($1,398) is lower than in Greater Sydney ($1,447). Some 47% of Penrith suburb households earn less than $1,000 / week compared to 31% in Penrith LGA and 32% in Sydney.

The lower income profile observed in the suburb of Penrith likely reflects the following:

- Younger 20-29 age group who typically earn lower range incomes;
- A larger proportion of retirees with greater net wealth but a lower income profile; and
- A greater quantum of lone person households achieving a single income.

Penrith LGA accommodates an above average proportion of households (25%) earning between $1,500 to $2,500 / week but a below average number of households earning above this amount.

TABLE 5 – HOUSEHOLD INCOME

Household Income

PENRITH LGA, PENRITH STATE SUBURB AND GREATER SYDNEY REGION

	Penrith LGA	Penrith Suburb	Sydney
Negative/Nil income	0.9%	1.2%	1.6%
$1-$199	1.2%	1.9%	1.5%
$200-$299	2.3%	4.9%	2.5%
$300-$399	5.1%	11.0%	5.1%
$400-$599	7.5%	10.4%	7.6%
$600-$799	7.5%	10.1%	7.1%
$800-$999	7.2%	8.3%	6.8%
$1,000-$1,249	8.5%	9.0%	7.2%
$1,250-$1,499	7.9%	7.5%	6.8%
$1,500-$1,999	13.7%	11.1%	11.3%
$2,000-$2,499	10.9%	7.2%	8.4%
$2,500-$2,999	7.5%	4.3%	9.6%
$3,000-$3,499	4.7%	2.5%	5.7%
$3,500-$3,999	2.1%	0.9%	3.0%
$4,000 or more	2.8%	1.1%	5.5%
Partial income stated(c)	7.5%	5.3%	7.9%
All incomes not stated(d)	2.6%	3.3%	2.4%
Median Household Income	$1,398	$1,274	$1,447

Source : ABS Census 2011; Urbis

3.5 DWELLING STRUCTURE

The LGA has a high proportion of separate housing, equating to 82% of stock, in comparison with 47% in Penrith suburb and 61% in the Sydney region. This is illustrated in Table 6 overleaf.

Penrith LGA in particular accommodates a much higher proportion of dwellings with three bedrooms or more (86%) compared with 66% in the Sydney region and 58% in Penrith suburb. This reflects the higher proportion of couple family households with children, and indicates that housing typology and size demanded by the demographic profile found in the Penrith LGA tends to be larger detached dwellings that support a larger household size.

It is noted that whilst 19.2% and 38.6% of households respectively located in Penrith LGA and suburb feature a single occupant, only 2% and 6% of dwellings within each location accommodate 1 bedroom.

TABLE 6 – DWELLING STRUCTURE

Dwelling Structure

PENRITH LGA, PENRITH STATE SUBURB AND GREATER SYDNEY REGION

	Penrith LGA	Penrith Suburb	Sydney
Separate House (%)	81.5%	47.3%	60.9%
Semi-Detached (%)	10.8%	25.3%	12.8%
Flat, Unit or Apartment (%)	7.1%	26.0%	25.8%
Other dwelling (%)	0.5%	1.3%	0.6%
No Bedroom	0.3%	1.4%	0.9%
1 Bedroom	2.0%	5.7%	6.6%
2 Bedroom	9.8%	32.6%	24.9%
3 Bedroom	50.1%	44.5%	36.8%
4 or more Bedrooms	36.1%	13.1%	29.0%
Not Stated	1.7%	2.7%	1.8%

Source : ABS Census 2011; Urbis

3.6 DWELLING OWNERSHIP

Fewer households in Penrith suburb and LGA (23% and 28% respectively) own their dwelling outright in comparison to the Sydney region (31%). In contrast, 9% more households in Penrith LGA are purchasers with a mortgage comparative to Greater Sydney. Penrith Suburb is dominated largely by renters (52%) with a higher proportion of both public and private renters than both the LGA and Sydney region. This high proportion of renters is potentially attributable to the close proximity of the various University of Western Sydney Campuses (Penrith, Kingswood and Werrington) and resultant number of students residing locally.

These differences illustrate the difference age, income and family profiles of the Penrith LGA and Penrith Suburb. Penrith LGA has a ‘young family’ profile, typically with lower incomes than the wider Sydney region and comprising home buyers currently paying off a mortgage.

Penrith suburb accommodates fewer families with children and more residents aged 20-29. In addition, median incomes are considerably lower than Penrith LGA Greater Sydney impacting on resident’s ability to service a mortgage and is likely a factor in lower levels of home ownership / higher number of renters.

TABLE 7 – HOUSEHOLD STATUS

Home Ownership

PENRITH LGA, PENRITH STATE SUBURB AND GREATER SYDNEY REGION

	Penrith LGA	Penrith Suburb	Sydney
Owner	27.5%	22.7%	31.4%
Purchaser	45.0%	25.5%	36.0%
Renter	27.5%	51.8%	32.6%
Public Renter	4.5%	13.4%	5.4%
Private Renter	23.0%	38.4%	27.2%

Source : ABS Census 2011; Urbis

3.7 HOUSEHOLD SIZE

As at 2011, the household size in the Penrith LGA was 2.9, with the Penrith suburb slightly lower at 2.8. The North West Subregion (from 2006) was slightly higher than the Penrith LGA at 3.0 and the Greater Sydney Region was 2.7.

As per the Department of Transport, the average household size in the Penrith LGA is projected to fall to 2.6 people per household by 2036. This decline is considered somewhat consistent with the Sydney wide region, with the North West Subregion as a whole forecast to decline by 0.2 to 2.8 and the Greater Sydney Region to 2.5. This is largely consistent with the ageing population, which will increase the proportion of smaller households in the wider population.

3.8 JOURNEY TO WORK

The primary place of employment for Penrith LGA residents is within the LGA, accounting for 59% of residents. Prominent vocations include Clerical & Administrative Workers (9%) and Technician & Trade Workers (8%).

Some 37% of all people employed in Penrith LGA reside in the LGA, with other primary source locations including being the neighbouring regions of Blacktown (13%) and Parramatta (7%).

Journey to Work data is presented in Table 8 and is mapped in Figures 8 and 9.

TABLE 8 – JOURNEY TO WORK, PENRITH LGA

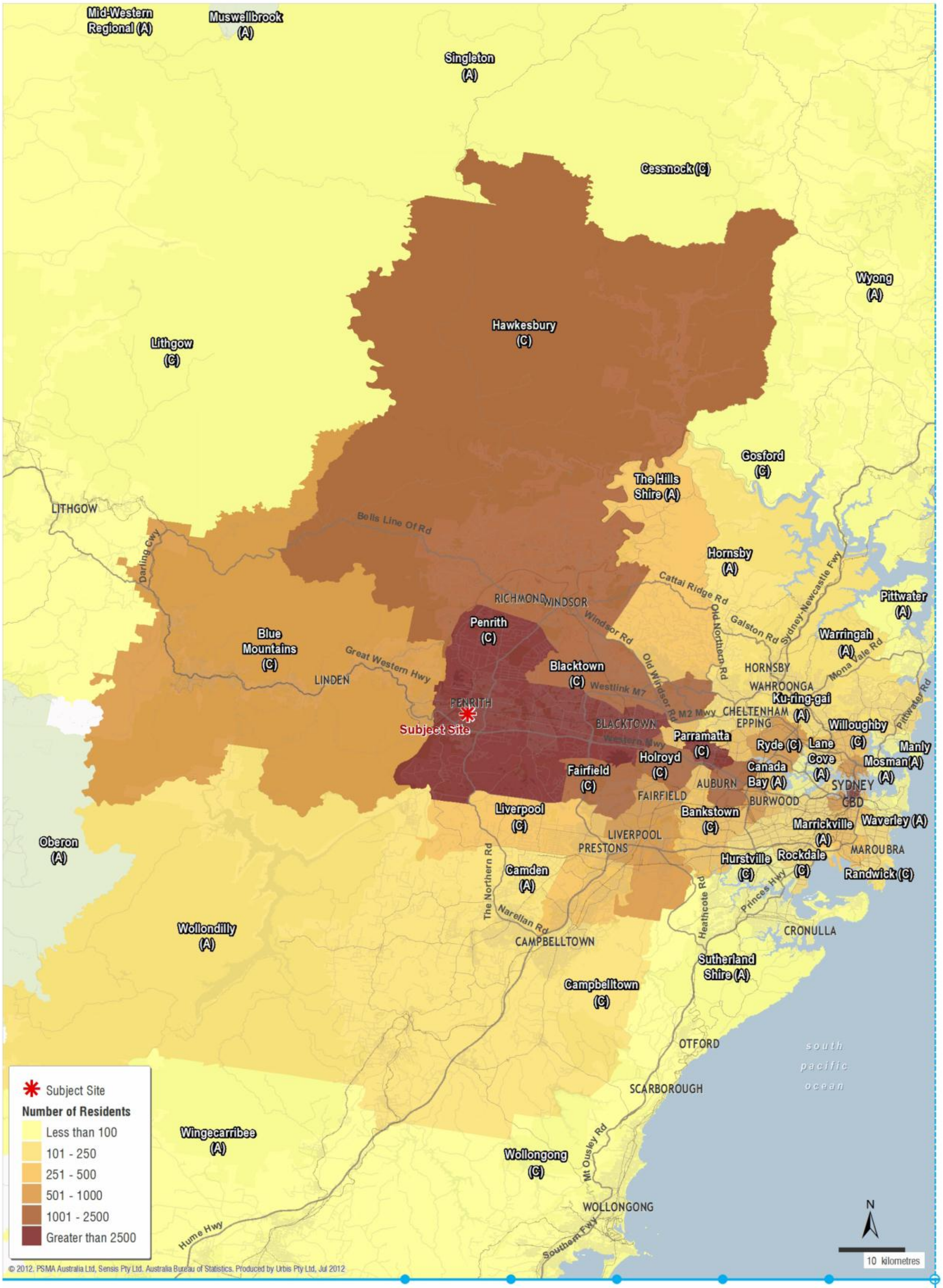
Penrith LGA Journey to Work

2006

Penrith Resident's Workplace LGA		Penrith Worker's Residence LGA	
Penrith	59%	Penrith	37%
Blue Mountains	12%	Blacktown	13%
Blacktown	9%	Parramatta	7%
Hawkesbury	4%	Unknown	6%
Baulkham Hills	2%	Sydney City	6%
Liverpool	2%	Outside GMA	5%
Fairfield	2%	Fairfield	3%
Wollondilly	2%	Holroyd	3%
Parramatta	1%	Auburn	3%
Holroyd	1%	Hawkesbury	3%

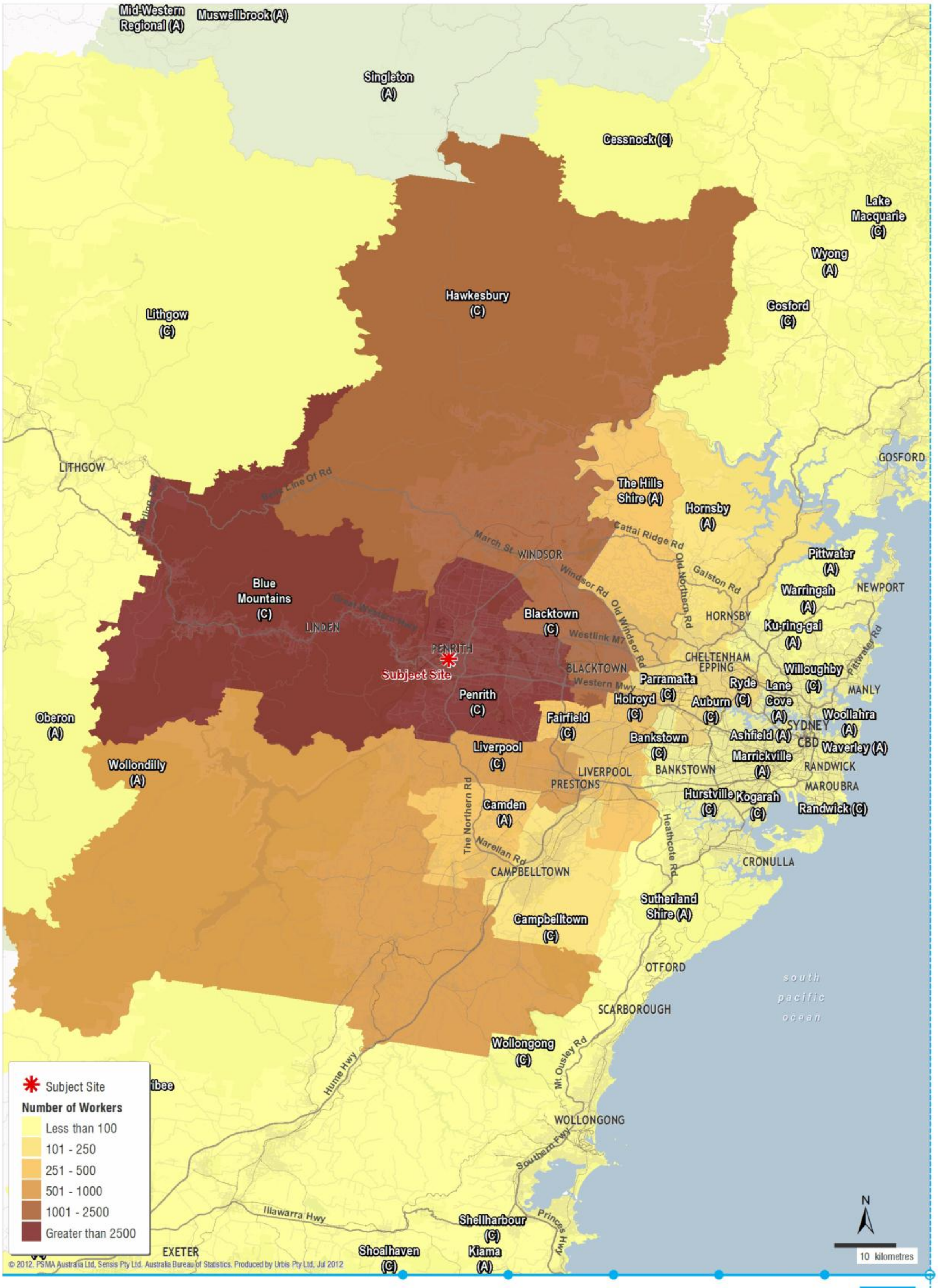
Source : Bureau of Transport Statistics; Urbis

FIGURE 8 – JOURNEY TO WORK DATA –PENRITH LGA RESIDENTS PLACE OF EMPLOYMENT



Nepean Green
WHERE PENRITH RESIDENTS WORK

FIGURE 9 – JOURNEY TO WORK DATA – PENRITH LGA WORKERS PLACE OF RESIDENCE



Nepean Green
WHERE PENRITH WORKERS LIVE

3.9 EMPLOYMENT PROFILE

The employment profile of the suburb of Penrith and the LGA varies significantly from the occupation profile of Greater Sydney. In particular, Penrith LGA features a higher proportion of blue collar workers including labourers, machinery operators and drivers and technicians and trades workers when compared to the Sydney SD. There are also close to half the number of professionals located in the Penrith region.

Penrith suburb (8.2%) has a higher unemployment rate compared to the LGA and Sydney area which were 5.3% in 2011. Both the Penrith LGA and Sydney region both also have a higher labour force participation rate.

TABLE 9 – LABOUR FORCE

Labour Force

PENRITH LGA, PENRITH SUBURB AND SYDNEY STATISTICAL DIVISION

	Penrith LGA	Penrith Suburb	Sydney
Employed	83,465	4,774	1,903,526
Unemployed	4,653	425	106,481
Labour Force	88,118	5,199	2,010,007
% Unemployed	5.3%	8.2%	5.3%
Labour Force Participation	69.9%	60.0%	65.6%
Occupation			
Managers	4.9%	3.6%	6.1%
Professionals	6.2%	6.3%	11.0%
Technicians and Trades Workers	7.7%	6.0%	5.9%
Community and Personal Service Workers	4.1%	4.1%	3.7%
Clerical and Administrative Workers	9.3%	7.6%	7.7%
Machinery Operators And Drivers	5.1%	4.3%	2.8%
Sales Workers	5.0%	4.4%	4.4%
Labourers	5.1%	4.9%	3.7%
Balance in Other Sectors	52.5%	58.9%	54.7%

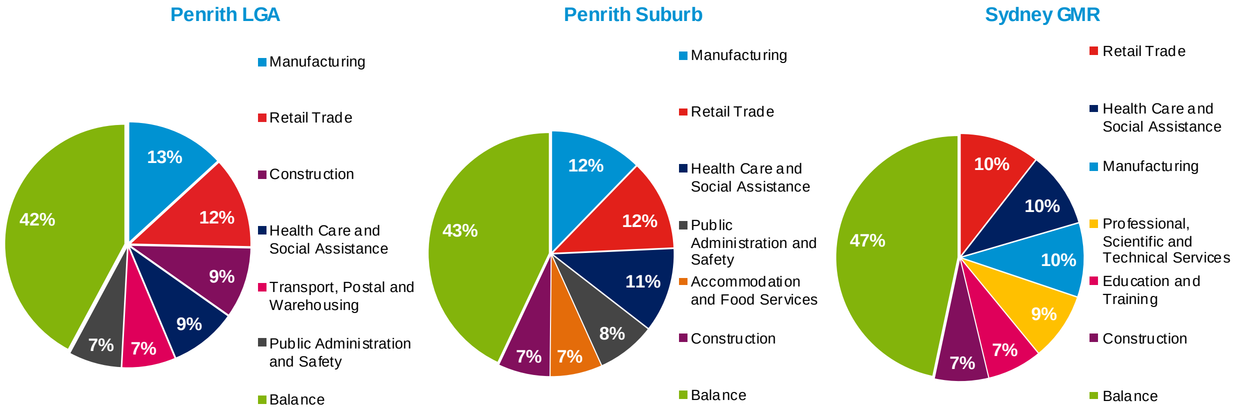
Source : ABS Census 2006; Urbis

Figure 10 highlights the different employment sectors within each location reviewed and the respective quantum of employees working in each field. The difference between blue and white collar workers is quite evident. The Penrith Suburb also has a higher proportion of Health Care and Social Assistance workers given the close proximity of Nepean Hospital.

FIGURE 10 – KEY EMPLOYMENT SECTORS

Key Employment Sectors

PENRITH LGA, PENRITH SUBURB AND SYDNEY GMR, 2006



Source : ABS Census 2006; Urbis

3.10 MOTOR VEHICLE OWNERSHIP

Table 10 outlines motor vehicle ownership within the review areas by household. Some 56% of households in Penrith LGA own two or more vehicles, compared to 35% in Penrith Suburb and 49% in the Sydney region. The comparatively low motor vehicle ownership in the suburb of Penrith is likely to reflect its central location and close proximity to transport and employment. It also may reflect the lower income profile of the area and student population.

The higher level of motor vehicle ownership across the entire LGA reflects the high number of family households and the fact that 41% of residents work outside the LGA, with a proportion of the remaining residents likely to require a vehicle to commute within the LGA.

TABLE 10 – MOTOR VEHICLE OWNERSHIP

Motor Vehicle Ownership

PENRITH LGA, PENRITH SUBURB AND GREATER SYDNEY REGION, BY DWELLING

	Penrith LGA	Penrith Suburb	Sydney
No motor vehicles	7%	20%	12%
One motor vehicle	32%	45%	38%
Two motor vehicles	37%	22%	33%
Three motor vehicles	13%	6%	9%
Four or more motor vehicles	7%	2%	4%
Number of motor vehicles not stated	3%	4%	3%

Source : ABS Census 2011; Urbis

4 Penrith Residential Market Overview

Penrith LGA is located on the outskirts of the Sydney Metropolitan Area and as is one of the more affordable residential locations in Sydney. Over 80% of all dwellings in the LGA are traditional freestanding cottages configured in a low density format. In real terms this equates to 48,410 dwellings. There are contrasting dwelling vintages throughout the area with more established suburbs such as Werrington, Kingswood, Penrith and Cambridge Park accommodating dwellings dating to the 1960's whilst more contemporary locations such as Glenmore Park and Claremont Meadows contain new development.

Land areas of low density lots typically range from 500sq.m to 1,000sq.m within established locations however a shift towards small lot housing has emerged in developing locations with some parcels as small as 250sq.m. The main reason for this shift is due to pricing and affordability.

Penrith LGA supports a below average volume of medium and high density dwellings comparative to the broader Sydney area representing less than 20% of all stock (10,671). In contrast, over half of all dwelling stock in the suburb of Penrith is either a flat / apartment or semi-detached dwelling.

Much of this stock is configured as either villas / townhouses and 3 storey walk-up apartment buildings. As with the low density stock, the medium and high density dwellings vary in vintage from well established 1960's stock to recently constructed premises.

Pockets of medium density stock are located to the immediate south of the subject site in Regentville, off the southern side of Penrith City Centre, and interspersed throughout Kingswood, Werrington and near UWS Penrith campuses.

A review has been undertaken of the residential development pipeline which shows a growing emergence of medium and high density development proposals. With a State Government focus on limiting the expansion of greenfield areas, growth in medium density development is anticipated to increase. An overview of the development pipeline is provided later in this Section.

Figure 11 provides a cross-section of typical dwelling types located throughout Penrith LGA.

FIGURE 11 – EXAMPLES OF RESIDENTIAL DEVELOPMENT IN PENRITH LGA

PICTURE 1 – ESTABLISHED DWELLING IN PENRITH

PICTURE 2 – MODERN APARTMENTS IN PENRITH

PICTURE 3 – ESTABLISHED DWELLING IN PENRITH

PICTURE 4 – MODERN APARTMENTS IN PENRITH

PICTURE 5 – ESTABLISHED TOWNHOUSES IN REGENTVILLE

PICTURE 6 – MODERN SMALL LOT HOUSING IN WATERSIDE

PICTURE 7 – ESTABLISHED DWELLING IN KINGSWOOD

PICTURE 8 – ESTABLISHED APARTMENTS IN WERRINGTON

4.1 EMERGING CHANGES IN DWELLING TYPES

Net dwelling approvals in Penrith throughout 2010/11 indicate that 51.8% of new dwelling proposed are separate housing with the remaining 48.2% classified as ‘other’ dwellings (indicative of higher density types). This has changed substantially since 2000/01 when 77% of new dwelling approvals were separate dwellings and 23% were classed as ‘other’.

The growing proportion of high and medium density dwellings in Penrith is reflected in the 2011 Census data. Table 11 illustrates that the proportion of semi-detached and apartment dwellings has grown by 2.7% and 1.2% respectively, while separate houses has fallen by 3.6% between 2006 and 2011.

TABLE 11 – DWELLING TYPE CHANGE

Dwelling Type Change

PENRITH LGA, 2006 TO 2011

	2006		2011		Change	
	Dwellings	*Residents*	*Dwellings*	*Residents*	*Dwellings*	*Residents*
Separate Houses	85.3%	90.1%	81.6%	86.2%	-3.6%	-3.9%
Semi-Detached	8.1%	6.3%	10.8%	8.8%	2.7%	2.5%
Flat, unit or apartment	6.0%	3.2%	7.2%	4.8%	1.2%	1.5%
Other Dwellings	0.6%	0.4%	0.4%	0.3%	-0.2%	-0.1%

Source : ABS Census 2006 & 2011

Forecast demographic changes are a factor expected to drive continued change in dwelling type, with a key driver being smaller household size. It is expected that a substantial increase in the proportion of lone person households will contribute to this, which is expected to grow from 19.2% in 2011 (11,418 households) to 24% by 2031 (21,559 households, based on Bureau of Transport forecast population and people per dwelling). This represents an increase of 10,141 lone person households between 2011 and 2031. In addition, it is expected that two person households will fall from 30% to 22% of households by 2031 equating to a modest increase of 1,213 two person households from 17,817 in 2011 to 19,030 in 2031(based on Bureau of Transport population forecasts).

A comparison between 2006 and 2011 census household structure data shows an increase in lone households and two person households over the past 5 years throughout the LGA, whilst households with more than two people have fallen as a proportion of total households.

TABLE 12 – HOUSEHOLD STRUCTURE CHANGE

Household Structure Change

PENRITH LGA, 2006 TO 2011

	2006 Census	**2011 Census**	**Penrith City Council2031 Forecast**
Lone	18.6%	19.2%	24.0%
Two	29.3%	29.6%	22.0%
Two+	52.1%	51.2%	53.0%

Source : ABS Census 2006 & 2011; Urbis

4.2 MEDIAN PRICE POINT REVIEW

4.2.1 CAPITAL VALUES

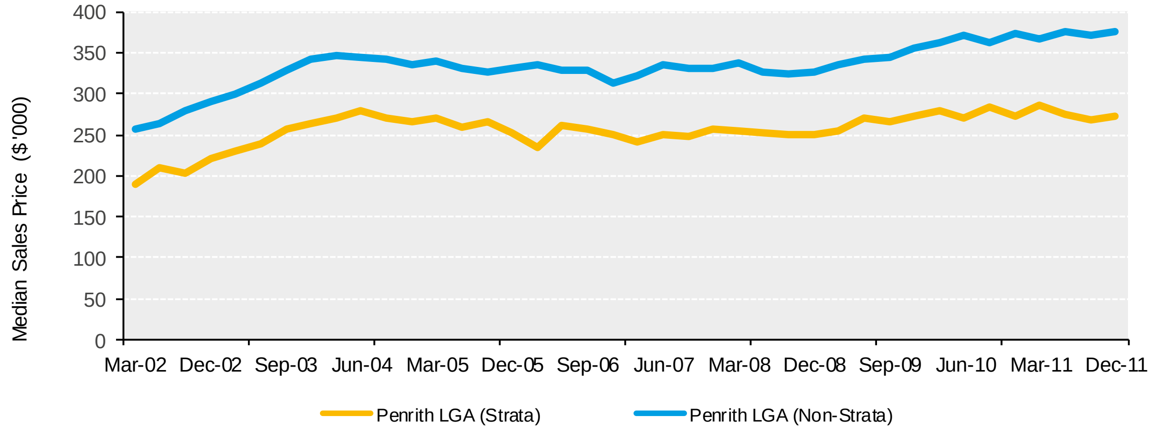
Over the past 5 years, median apartment prices in Penrith LGA have increased marginally from $250,000 (December 2006) to $274,000 (December 2011). This represents an annual increase of 1.81% per annum and highlights the volume of well established (lower priced) stock. Over the same period, median non-strata dwelling prices in the Penrith LGA increased from $312,000 to $375,000, representing an annual increase of 3.75% per annum.

The following graph (Figure 12) details median sales prices for strata and non-strata residential dwellings in the Penrith LGA between March 2002 and December 2011.

FIGURE 12 – MEDIAN SALES PRICES (PENRITH LGA)

Median Sales Prices (Penrith LGA)

STRATA AND NON-STRATA DWELLINGS - MARCH 2002 TO DECEMBER 2011



Source : Urbis, Housing NSW

4.2.2 SALES VOLUMES

Sales in the suburb of Penrith for both strata and non-strata dwellings over the five and a half year period represented approximately 10% of all sales within the Penrith LGA. It is notable that 23% of strata sales within the Penrith LGA were those located in the suburb of Penrith. In contrast, of the 12,793 non-strata dwelling sales in the Penrith LGA, only approximately 5.5% were in the suburb of Penrith.

TABLE 13 – SALES VOLUMES (PENRITH SUBURB AND LGA)

Historic Residential Transactions

NUMBER OF SALES TRANSACTIONS - PENRITH SUBURB & LGA (2007 - Q2 2012)

	Penrith Suburb			Penrith LGA		
Year	**Non-Strata**	**Strata**	**TOTAL**	**Non-Strata**	**Strata**	**TOTAL**
2007	134	185	319	2,414	773	3,187
2008	120	188	308	2,173	832	3,005
2009	145	238	383	2,720	1,120	3,840
2010	123	188	311	2,135	837	2,972
2011	135	233	368	2,507	921	3,428
2012 [1]	53	54	897	844	267	1,111
Total	**710**	**1,086**	**13,503**	**12,793**	**4,750**	**17,543**
Annual Average [2]	131	206	338	2,390	897	3,286

1 2012 includes sales in the two first two quarters of 2012 (March and June) only.
2. The annual average is based on the five years 2007 to 2011 2012 has been excluded from the annual average as it represents only a half year of data.
Source : Urbis, RP Data

4.2.3 RENTAL VALUES

Table 14 demonstrates the median weekly rents for varying bedroom sizes in the Penrith postcode area (2750), Penrith LGA and Outer Western Sydney SD.

It is evident that median rents for one bedroom and two bedroom dwellings increased by the highest percentage in the twelve months to March 2012. The annual change for median rents for one bedroom dwellings in the Penrith LGA and the Outer Western Sydney SD both increased by 10.0% over this twelve month period.

TABLE 14 – MEDIAN WEEKLY RENTS – ALL DWELLINGS

Median Weekly Rents (All Dwellings)

PENRITH SUBURB, PENRITH LGA & OUTER SYDNEY SD

	One Bedroom (All Dwellings)			Two Bedroom (All Dwellings)			Three Bedroom (All Dwellings)			Four Bedroom (All Dwellings)		
	Median	Change (Quarter)	Change (Annual)	Median	Change (Quarter)	Change (Annual)	Median	Change (Quarter)	Change (Annual)	Median	Change (Quarter)	Change (Annual)
Postcode (2750)	$243	n.a	n.a	$300	n.a	n.a	$370	0.0%	2.8%	$440	n.a	n.a
Penrith (LGA)	$220	0.0%	10.0%	$290	1.8%	7.4%	$360	0.0%	2.6%	$450	0.0%	0.0%
Outer Western Sydney (SD)	$220	0.0%	10.0%	$290	3.4%	5.3%	$360	0.0%	2.9%	$460	2.2%	2.2%

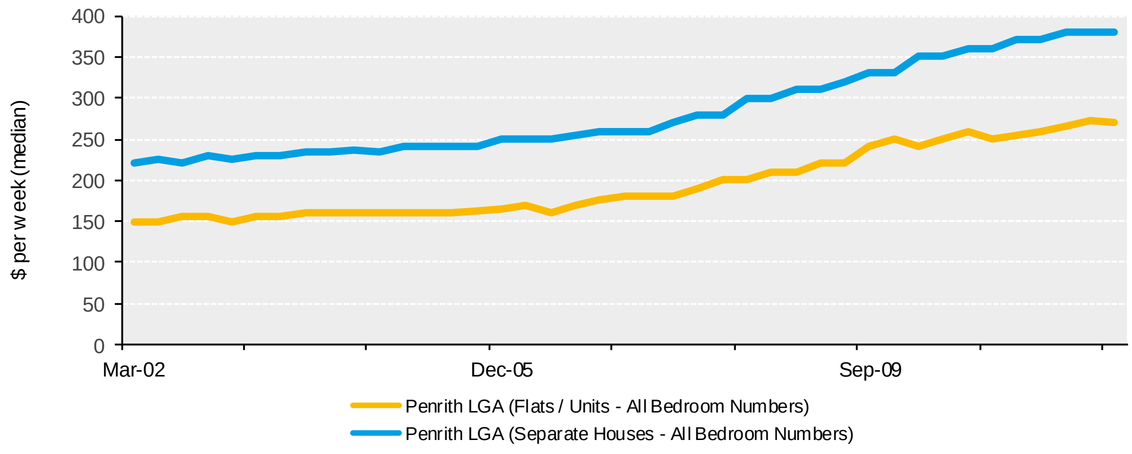
Note: The above data is as at March 2012
Source: Urbis, Housing NSW

The following graph (Figure 13) illustrates the longer term median weekly rental trends for Separate Houses (All Bedroom Numbers) and Flats / Units (All Bedroom Numbers) over the five year period from March 2007 to March 2012.

FIGURE 13 – MEDIAN WEEKLY RENTS (PENRITH LGA)

Median Weekly Rents (Penrith LGA)

SEPARATE HOUSES (ALL BEDROOM NUMBERS) & FLATS / UNITS (ALL BEDROOM NUMBERS)



Source: Urbis, Housing NSW

FIGURE 14 – MEDIAN WEEKLY RENTAL GROWTH RATES AND AMOUNTS

Penrith LGA Median Rents

Median Weekly Rent ($/week)[1]	Flats / Units	$270
	Separate Houses	$380
Historic growth p.a. Mar 2002 - Mar 2012	Flats / Units	6.1%
	Separate Houses	5.4%
One Year Growth Mar 2011 - Mar 2012	Flats / Units	5.9%
	Separate Houses	2.7%

1. LGA median weekly rental amounts for March Quarter 2012
Note: The above data relates to median weekly rent amounts for "All Bedroom Numbers"
Source : Housing NSW ,Urbis

4.3 RESIDENTIAL RENTAL VACANCY RATE

Figure 15 illustrates the residential rental vacancy rates for the greater Sydney area (including Inner, Middle and Outer suburbs) and Sydney Outer suburbs of which Penrith LGA forms part. Sydney Outer suburbs are those suburbs located further than 25km from the Sydney CBD. The Figure demonstrates average yearly vacancies between 2007 and the first half of 2012.

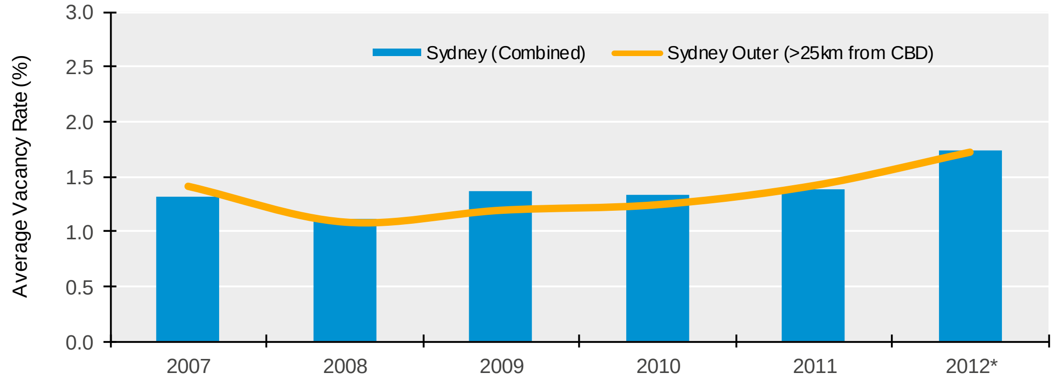
Over the period January 2007 to May 2012, the average vacancy rate for Sydney's Outer suburbs has been 1.30%. The average for Sydney combined was 1.33%.

In the six months to May 2012, the residential vacancy rate for Sydney Outer rose from 1.4% (December 2011) to 1.9%. This is equivalent to an approximately 35% increase over the six month period.

FIGURE 15 – AVERAGE ANNUAL VACANCY RATES – 2007 TO PART 2012

Residential Vacancy Rates - Sydney Combined and Sydney Outer

AVERAGE YEARLY RESIDENTIAL VACANCY RATES - 2007 TO MAY 2012



Note: The average for 2012 is based on part year a part year average to May 2012.
The averages for the 2007 and 2009 years are based on an 11month average as December data is not available.
Source : Urbis, Real Estate Institute of New South Wales (REINSW)

Vacancy rates for both Sydney combined and Sydney Outer suburbs have been steadily increasing following vacancy lows in 2008 where both Sydney and Sydney Outer had vacancy rates of 1.0% or less.

4.4 CURRENT AND FUTURE RESIDENTIAL DEVELOPMENTS

A review has been undertaken to quantify the volume of residential apartments proposed, approved, under construction and recently completed throughout Penrith LGA.

The review has included an analysis of the type of stock proposed, stage of each project and anticipated timing of completion. It is noted that the review excludes small scale developments with a yield of less than 20 dwellings thereby focussing on more substantial proposals.

This review will be of particular assistance in determining the development pipeline for residential apartments and whether a reduction in yield of the subject development will impact on anticipated supply requirements.

4.4.1 RECENTLY COMPLETED RESIDENTIAL SUPPLY (APARTMENTS)

The table below details a number of recently completed medium density apartment developments in the Penrith LGA. The developments provide an indication of the scale, type and quality of projects currently being offered to the market.

The majority of these developments are apartment buildings typically over three and four storeys. Most developments are of a relatively small scale with an average dwelling yield 30. Only one of the developments exceeds 30 units. The primary focus is on the provision of 2 bedroom apartments.

TABLE 15 – RECENTLY COMPLETED RESIDENTIAL APARTMENT DEVELOPMENTS

Residential Development Supply (Apartments)

RECENTLY COMPLETED APARTMENT DEVELOPMENTS WITHIN PENRITH LGA

Development	Suburb	Dwelling Yield	Comments
Joseph Street Units	Kingswood	26	Three level residential flat building. Predominately brick construction with tiled roof and basement car parking.
Regentville Road Residential Development	Jamisontown	24	Predominately brick construction, with rendered balconies and a tiled roof. Features basement car parking.
Regentville Road Units	Jamisontown	25	Three storey residential flat building. Predominately brick construction, with rendered balconies and a tiled roof. Basement car parking below.
Albert Street Units	Werrington	46	Three storey residential flat building comprising 8 x 1 bedroom, 34 x 2 bedroom and 4 x 3 bedroom units over a basement car park.
Avenue Apartments	Penrith	30	Two level residential flat building, comprising 1 x 1 bedroom, 23 x 2 bedroom and 6 x 3 bedroom apartments. Basement parking for 30 vehicles.
Putland Street Residential Development	St Marys	23 Units + 7 Villas	Four storey residenetial development comprising 30 units. The apartments are configured with 18 x 2 bedrooms and 5 x 3 bedrooms.

Source : Cordells; Urbis

Figure 16 overleaf contains photographs of a number of the recently completed developments. It is noted that the apartment buildings proposed for the subject property will be significantly larger in scale than all other current medium / high density developments in Penrith LGA - even after the reduction in yield.

FIGURE 16 – RECENT APARTMENT DEVELOPMENTS IN PENRITH LGA

PICTURE 9 – 84 JOSEPH STREET, KINGSWOOD

PICTURE 10 – 2 – 6 REGENTVILLE ROAD, JAMISONTOWN

PICTURE 11 – 13 REGENTVILLE ROAD, JAMISONTOWN

PICTURE 12 – 8-12 COLLESS STREET, PENRITH

4.4.2 PROPOSED RESIDENTIAL SUPPLY (MEDIUM AND HIGH DENSITY DEVELOPMENTS)

In all, some 2,015 medium and high density dwellings are mooted for completion in Penrith LGA by the end of the 2017 calendar year. Including the 570 dwellings proposed for the subject site, the total yield increases to 2,585 dwellings. This reflects an average annualised supply of 470 units per annum over the next 5 ½ years.

A considerable proportion of the aggregate medium density dwelling yield (approximately 1,385 dwellings) is contained within two developments - the Penrith Panthers Expansion and North Penrith Defence Site. These proposals are respectively mooted for completion in 2015 and 2017 but are still at preliminary stages.

The North Penrith Defence Site is a Landcom development located adjacent to Penrith Railway Station. The proposal is to accommodate residential, commercial, retail and recreation components. A Concept Plan has been developed and approved for the site which includes up to 1,000 dwellings in a variety of housing types, including detached houses (24%) and medium density terraces, townhouses, lofts and apartments (76%). The development will also include approximately 10,650 square metres of commercial space and a public square with 4,500 square metres of retail.

The Penrith Panthers site is located approximately 2 kilometres south of the Penrith CBD and a few hundred metres west of the subject site. The Panthers site is approximately 50 hectares in size and is bounded by Mulgoa Road to the east, the Nepean River to the west, Jamison Road to the south and the Council owned Carpenter site to the north. A Concept Plan for the site was lodged in 2010 with joint venture partner ING for a staged development of the site, including a mix of entertainment uses, residential dwellings and a campus style business park. ING is no longer a partner in the project. The project is planned to include general retail space, an outlet centre, campus style offices, approximately

380 hotel rooms and 60 serviced apartments, approximately 625 medium and high density residential dwellings (including seniors living) and recreational areas.

Enquiries with the City Planning Co-ordinator at Penrith City Council have revealed that RMS, Penrith Council and the proponent are currently negotiating a planning agreement for infrastructure. Following the signing of the agreement by the proponent, the proposal for the site will be forwarded to the Minister for Planning.

Table 16 provides a summary of mooted medium and high density developments located throughout Penrith LGA

TABLE 16 – PROPOSED MEDIUM AND HIGH DENSITY RESIDENTIAL DEVELOPMENTS

Residential Development Supply

PROPOSED MEDIUM AND HIGH DENSITY RESIDENTIAL DEVELOPMENTS

				Estimated Completion	
Development	**Suburb**	**Dwelling Yield[1]**	**Status**	**Qtr**	**Year**
Mamre Road Units	St Marys	20	Development Approval	4	2013
Rance Road Units	Werrington	27	Development Application	2	2014
Lamrock Gardens	Emu Plains	66	Development Application	2	2014
Jordan Springs Apartments	Llandilo	94	Development Application	4	2014
Bradley Street Apartments	Mulgoa	114	Development Application	4	2014
High St Mixed Development	Penrith	24	Development Approval	4	2014
Sainsbury Street Units	St Marys	61	Development Approval	4	2014
Derby Street Residential Building	Penrith	45	Development Application	2	2015
Queen Street Mixed Development	St Marys	40	Development Application	2	2015
Mulgoa Road Townhouses & Units	Jamisontown	61	Development Approval	2	2015
Penrith Panthers Expansion	Penrith	625	Early Planning	3	2015
North Penrith Defence Site	Penrith	760	Early Planning	1	2017
Parker St & Barker Ave Mixed Development	Kingswood	78	Early Planning	4	2017
Total		**2,015**			

Note; Only includes developments with a yield in excess of 20 dwellings
1. Includes medium / high density content of development only where applicable.
Source : Cordells; Urbis

4.4.3 LAND RELEASES

A review of current and future land releases throughout the region has been undertaken to identify the quantity of land supply that is actively being brought to the market. This provides an indication of release locations, scale, stock offer and timing.

The most notable current and future land releases are detailed in Table 17.

TABLE 17 – RESIDENTIAL DEVELOPMENT SUPPLY – LAND SUBDIVISIONS

Residential Development Supply (Land Subdivisions)

PENRITH LGA

Development	Suburb	Indicative Total Dwelling Yield[1]	Status	Indicative Timing	
				Commencement	Completion
Waterside (Stockland)	Cranebrook	609	Partially Complete	2006	Late 2012
Ropes Crossing (Delfin Lend Lease)	Ropes Crossing	1,800	Partially Complete	2005	2015
Jordan Springs (Delfin Lend Lease)	Cranebrook	2,450	Partially Complete	2010	2020
Bradley Ridge	Mulgoa	Approx. 400	Partially Complete	2012	Not Advised
Penrith Lakes	Cranebrook	4,900	Application Withdrawn	Not Advised	Long Term
North Penrith Defence Site (Total Yield)	Penrith	1,000	Early Planning	2012	2017
Sienna Gardens	Claremont Meadows	Approx. 380	Partially Complete	2012	Late 2014
Glenmore Park	Mulgoa (Glenmore Park)	Approx. 660	Development Approval	2010	Mid 2013
Total		**12,199**			

1. Includes indicative total yield of all dwelling types - can include low, medium and high density dwellings

Source : Cordells; Local Marketing Agents; Urbis

Identified land releases in Penrith LGA have the capacity to support in the order of 12,200 new residential dwellings. However, a considerable proportion of this aggregate is located within the Penrith Lakes area, with the development application for this precinct having recently been withdrawn after an extended period of preliminary review. This is now considered a long term proposition but has been included given it is the most significant subdivision proposal to have been lodged for some time.

Excluding Penrith Lakes the yield is thus reduced to 7,300. Whilst the majority of these greenfield releases will accommodate low density dwellings, some such as the aforementioned North Penrith Defence site will accommodate a high proportion of medium density dwellings.

A number of major land releases are currently being developed including Ropes Crossing, Jordan Springs and the south eastern sections of Glenmore Park. There appears to be a reasonably healthy supply of new land over the coming years subsequent to which there appear to be a limited number of new land releases. However, this number is likely to increase as the current subdivisions are fully taken up and accordingly competition decreases. Market factors are also a consideration in relation to future land releases with developers unlikely to propose new subdivisions unless conditions for release are appropriate.

4.5 SUMMARY

Penrith is a well established location supporting primarily low density residential stock. Given the LGA's location on the outskirts of the Sydney Metropolitan Area, capital and rental price points are considered low in comparison to broader Sydney. This is particularly the case for established flats and apartments with median capital values under $300,000.

A review of net dwelling approvals over the past 5 years and the future development pipeline suggest a stronger focus on the provision of medium and high density development throughout Penrith LGA. Over the next 5 years, an average of 470 medium density dwellings are proposed for completion annually (including the subject proposal) which accounts for just over 50% of the State Government dwelling target for the LGA (926 dwellings). Local demographics also suggest a shift is required towards the provision of additional smaller dwelling stock given the increased prevalence of particularly lone person households.

5 Penrith Region Dwelling Targets

The primary purpose of this Residential Market Analysis is to determine the implications of a reduction in the total residential yield of the subject development (from the 2008 approved Master Plan total of 1,100 dwellings) on future dwelling supply within the broader Penrith region. As such, it is necessary to review dwelling targets for the region

Future dwelling targets and dwelling capacity of Penrith LGA have been established / identified under both Local and New South Wales State Government planning policies. The primary planning policies relating to facilitation of new dwelling supply include the following:

- Penrith City Council
  - Penrith City-Wide Local Environmental Plan – being prepared in 2 stages:
    - Stage 1 - Penrith Local Environmental Plan 2010 (gazetted)
    - Stage 2 - To focus on residential areas, smaller commercial centres and release areas (in preparation);
  - Draft Penrith Urban Strategy
- New South Wales Government
  - Metropolitan Plan 2036;
  - Metropolitan Development Program (MDP)
  - The Metropolitan Plan 2036 sets broad targets for the Sydney Greater Metropolitan Region (GMR), breaking these down to subregional and LGA level so Local Councils can align their local policy.

A summary of these policies and their interrelationships is provided below.

5.1 PENRITH CITY COUNCIL HOUSING POLICY & TARGETS

Penrith City Council is the governing Local Authority within the Penrith Region. The Council has gazetted numerous planning policies to administer and control residential development within the LGA.

In 2006 the NSW State Government introduced a Standard Template (the Template) for the preparation of Local Environmental Plans. All councils across the State have been required to prepare a single, city-wide local environmental plan in accordance with the Template. Given the scope of this task, Penrith Council determined to prepare its City-wide Plan in two stages.

Stage 1 of the City-wide plan is Penrith Local Environmental Plan 2010 (LEP), which includes Penrith's rural and industrial areas and St Marys Town Centre. The 2010 LEP came into effect on 22 September 2010.

Stage 2 will include Penrith's residential areas, smaller commercial centres and release areas. Stage 2 is currently being prepared for public exhibition (anticipated in 2013). Stage 2 will be supported by the following:

- Planning Proposal - The preparation of a local environmental plan now starts with a Planning Proposal. The Planning Proposal is a document which explains the objectives, intended effect of, and justification for a rezoning proposal.
- Urban Study - identifies the issues, opportunities, pressures and constraints influencing urban development in the Penrith LGA now and into the future up to 2031.

- Urban Strategy – provides the strategic framework to address the opportunities and constraints to accommodate the anticipated household requirements to 2031.

Once both stages 1 & 2 are gazetted the City-wide plan will replace all other policies currently in place.

The 'Urban Strategy' will be the primary document to assist in facilitation of residential urban development throughout Penrith LGA to 2031. The Draft Penrith Urban Strategy (Managing Growth to 2031) was released in 2008-09 but will not be exhibited for comment publicly until 2013. Once adopted, the Strategy will be implemented via the statutory framework to be outlined in the LEP.

The Draft Strategy outlines Penrith's *centres based planning approach*, defining a hierarchy of centres and identifying estimated dwelling and population capacity. These capacities are driven by expected change in the demographic make-up of the Penrith LGA and growth forecasts - total population is anticipated to increase by 63,000 to 233,560 by 2031.

The Draft Strategy notes the following forecast demographic characteristics in Penrith LGA by 2031:

- 46% of all households will be one person (24%) and two person households (22%); and
- 53% of households will have more than 2 people; including couples with children (38%), sole parents with children (12%) and group households (3%).

A total of 31 residential precincts capable of supporting additional dwellings (greenfield and infill) are identified within the Draft Strategy. These are positioned throughout the LGA but typically focussed within or adjacent to established areas. Figure 17 overleaf highlights the various precincts identified within the Strategy.

The expected dwelling capacity of each precinct is detailed in Table 18. The areas with the greatest capacity include Penrith Lakes, Penrith City Centre, St Marys, Glenmore Park and the Caddens release area.

It is noted that the Strategy identifies 'low' and 'high' dwelling capacities for a number of the precincts which reflects potential variations in dwelling types and content of developable land. Total dwelling capacity for all locations aggregates to between 24,570 and 25,739 new dwellings (indicative midpoint is 25,155 dwellings).

In the order of 14,745 new dwellings are identified as being configured in a low / medium density format (59%) with 10,409 dwellings in a medium / high density configuration (41%).

Table 18 also provides indicative timeframes detailed in the strategy as to when development is expected to be undertaken. These timeframes date from 2006 and extend to 2031 (and beyond). Initial expectations were that 4,799 dwellings would be provided between 2006 and 2011 leaving a remaining dwelling capacity in the order of 20,356. However, dwelling completions reported under the MDP for this period were considerably less than forecasted at only 1,868 dwellings. As such, the actual remaining dwelling capacity is considerably higher at 23,287 dwellings.

Penrith City Council recently approved a Planning Proposal at its Policy Committee meeting on 19 March 2012 for Penrith Panthers to undertake a 50 hectare redevelopment of part of their site on Mulgoa Road. This precinct is not identified within the Draft Urban Strategy. This proposal includes the delivery of 625 medium and high density residential dwellings. Summating this amount with the identified remaining dwelling capacity (23,287) increases total capacity to 23,912 dwellings.

Figure 18 highlights forecast population density change across the LGA between 2011 to 2036 by the Bureau of Transport. The areas predicted to experience the highest densification broadly correspond to the precincts identified in the Strategy (new land releases and the city centre).

FIGURE 17 – PENRITH LGA ESTIMATED DWELLING CAPACITY

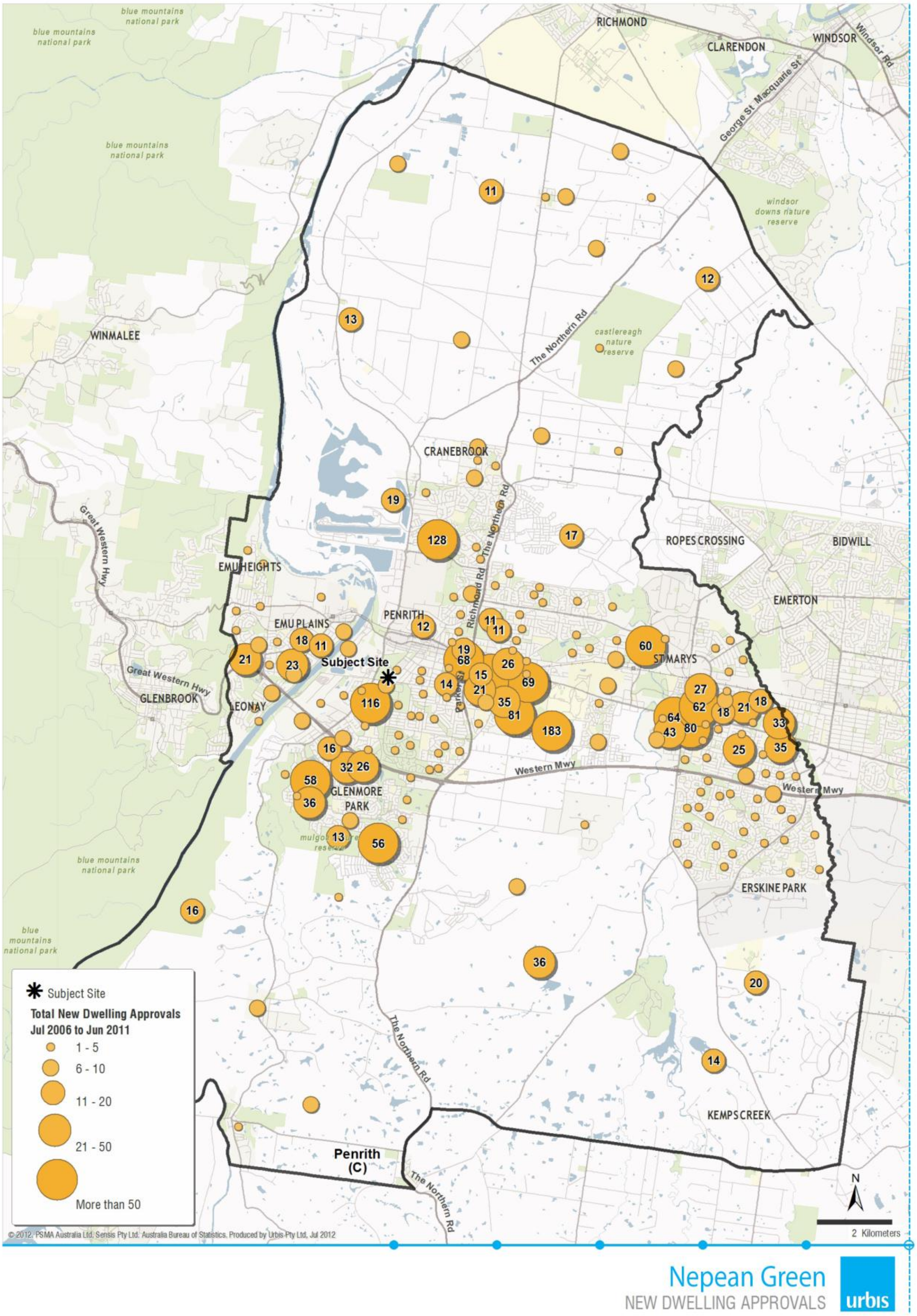


TABLE 18 – LOCAL GOVERNMENT DWELLING CAPACITY ESTIMATE

Estimated Dwelling Capacity

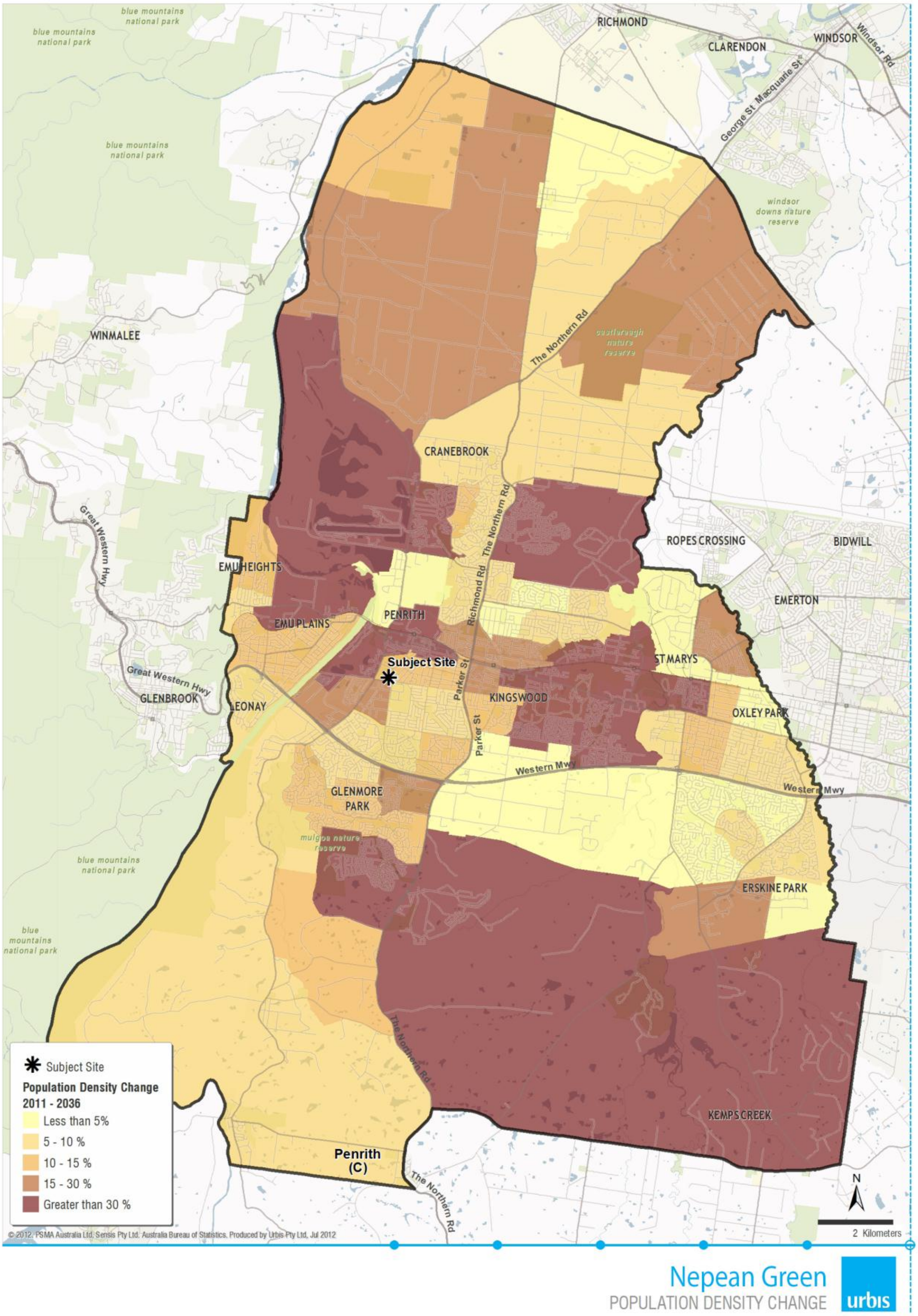
PENRITH LGA

Local Centre/Neighbourhood	Dwelling Potential		Low/Medium Density		Medium/High Density		Indicative Development Timeframe (Draft Penrith Urban Strategy)					
	Low	High	Low	High	Low	High	2006-2011	2011-2016	2016-2021	2021-2026	2026-2031	2031+
Caddens	1247		499		748		416	416	416	-	-	-
Cambridge Park	193	215	77	86	77	129	-	-	-	-	102	102
Cambridge Gardens (Werrington County and Werrington Downs)	297	342	119	137	119	205	-	-	-	-	160	160
Claremont Meadows	5		2		3		-	-	-	-	3	3
Claremont Meadows Stage 2	511		383		128		511	-	-	-	-	-
Cranebrook Centre	33	95	13	38	13	57	-	13	13	13	13	13
Cranebrook Neighbourhood	151		60		91		-	30	30	30	30	30
Emu Plains Lennox Centre	108	200	43	80	43	120	-	-	-	51	51	51
Emu Plains Station			0	0	0	0	-	-	-	-	-	
Emu Plains Neighbourhood	221	300	88	120	88	180	-	-	-	-	130	130
Erskine Park	13	15	5	6	5	9	-	-	-	-	7	7
Glenmore Park	393		157		236		-	-	-	-	197	197
Glenmore Park Stage 2	1628		1221		407		543	543	543	-	-	-
Kingswood Centre	400	600	160	240	160	360	83	83	83	83	83	83
Kingwood Neighbourhood	400	700	160	280	160	420	-	-	-	183	183	183
North Penrith Growth Area	850		638		213		-	850	-	-	-	-
North Street St Mary's	128	165	51	66	51	99	-	-	-	-	73	73
Penrith City Centre	4,718		1,887		2,831		786	786	786	786	786	786
Penrith Lakes	4,900		3,675		1,225		-	1,633	1,633	1,633	-	-
South Penrith (Southlands) and Smith Street Local Centre	120	200	48	80	48	120	-	32	32	32	32	32
South Penrith Neighbourhood	313		125		188		-	-	-	-	157	157
South Werrington Urban Village	414		311		104		207	207	-	-	-	-
St Clair	300	450	120	180	120	270	-	-	-	125	125	125
St Marys Town Centre	1,250		500		750		208	208	208	208	208	208
St Marys (Adjacent to Town Cenre, Glossop St)	950		380		570		158	158	158	158	158	158
St Marys Release Area	3,420		2,565		855		1,140	1,140	1,140	-	-	-
Waterside (Lake Environs)	701		526		175		351	351	-	-	-	-
WELL Precinct	466		350		117		155	155	155	-	-	-
Werrington Mixed Use Area	240		180		60		240	-	-	-	-	-
Werrington Station (Local Centre)	200	300	150	225	50	75	-	50	50	50	50	50
TOTAL	**24,570**	**25,739**	**14,494**	**14,996**	**9,634**	**10,743**	**4,799**	**6,656**	**5,248**	**3,354**	**2,549**	**2,549**

[1] Includes 109 release area dwellings not identified in Draft Penrith Urban Strategy

Source : Penrith Draft Urban Strategy; Urbis

FIGURE 18 – FORECAST POPULATION DENSITY CHANGE 2011-2036



5.2 NSW GOVERNMENT HOUSING POLICY & TARGETS

The Metropolitan Plan for Sydney 2036 (Metro Plan) and the Metropolitan Development Program (MDP) are the two key NSW State Government policy documents currently guiding dwelling production in the Sydney Metropolitan Area.

The Metro Plan provides policy targets and a Sydney Greater Metropolitan Area (GMA) framework, while the MDP assesses site specific dwelling capacity and aggregate dwelling production estimates for LGAs, Subregions and the wider Sydney GMA.

5.2.1 METROPOLITAN PLAN 2036

The *Metropolitan Plan is an integrated, long-term planning framework that will sustainably manage Sydney growth to 2036*. It builds on its precursor the Sydney's Metropolitan Strategy 2031 released in 2005. It seeks to provide guidance to Local Council policy via subregional planning, outlining targets for specific subregions and LGAs, including the following for the wider Sydney region, North West Subregion and Penrith LGA:

- *Plan land use, service provision and infrastructure capacity for 770,000 additional homes* (up from 640,000 dwellings outlined in the Metropolitan Strategy);

- *An additional 1.7 million people between 2006 and 2036* (up from 1.1 million between 2004 and 2031 outlined in the Metropolitan Strategy);

- *Locate more than 50% of planned employment capacity in Western Sydney;*

- *Build at least 70% of new homes in the existing urban area;*;

- *Increase the proportion of homes within 30 minutes by public transport of jobs in a major centre, ensuring more jobs are located closer to home*;

- *Enable residential and employment growth in areas where there is available or planned public transport capacity*;

- *Establish no new greenfield fronts to Sydney's existing urban footprint*; and

- *Build at least 80% of all new homes within the walking catchments of existing and planned centres of all sizes with good public transport*.

The Metro Plan states that one of the keys to ensuring Sydney's long–term sustainability is the growth of Penrith into a 'Regional City' providing more of Sydney's housing and work opportunities. It is noted that Penrith's development into a Regional City is considered a long–term proposition.

Penrith LGA is located within the North West Subregion of Sydney. The Metro Plan identifies a target of 169,000 new dwellings to be provided within the North West Subregion between 2006 and 2036. This is an increase of 29,000 dwellings from the former Metropolitan Strategy target. Over 50% of these dwellings (87,000) are proposed to be accommodated within the North West Growth Centre which is primarily housed within the LGA of Blacktown.

Subregional Plans were prepared under the 2005 Metropolitan Strategy for each subregion across the metropolitan area. These plans remain in draft format and have not been updated to reflect dwelling target and other changes within the Metro Plan. Whilst the Metro Plan defines broad parameters in relation to dwelling targets within the North West Subregion, respective targets are not identified for each LGA.

It is noted that one directive identified within the Metro Plan is updating and finalisation of the Draft Subregional Plans.

Whilst not updated, the North West Subregional Plan indicates a target of 25,000 new dwellings between 2004 and 2031 for Penrith LGA. This appears broadly in line with the Penrith Council's Draft Urban Strategy (25,155) and accordingly may not alter within the finalised version of the North West Subregional

Strategy. Assuming the dwelling targets for Penrith LGA are maintained, it would be expected that Penrith provide in the order of 926 dwellings per annum and total of 23,150 new dwellings between 2011 and 2036.

5.2.2 METROPOLITAN DEVELOPMENT PROGRAM

The MDP is the NSW Government's program for managing land and housing supply. The MDP aims to identify the dwelling capacity of the Greater Metropolitan Sydney Region, breaking this down to LGA and site specific dwelling capacity. These do not represent policy targets or market based capacity of sites, but rather is an assessment of their 'production capacity'.

The MDP dwelling production forecasts are based upon the following key indicators:

- Current land supply, zoning and servicing schedules;
- Land ownership consolidation and lot size;
- Subdivision and dwelling approvals;
- Lots and dwellings under construction; and
- Developer production schedules.

While the MDP dwelling production forecasts consider the production potential of a site, variable economic market conditions and costs are likely to affect eventual dwelling production. The MDP also provides NSW Government agencies (Such as the Bureau of Transport) with dwelling capacity assumptions to forecast population growth.

The most recent 2010/2011 report provides an updated analysis of Sydney's Greenfield land supply and dwelling production. Table 19 shows the dwelling capacity identified in the MDP for Penrith and surrounding LGAs in the North West Subregion.

TABLE 19 – METROPOLITAN DEVELOPMENT PROGRAM

Metropolitan Development Program

NORTH WEST SUBREGION

LGA	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2015/2016-2019/2020
Blacktown	1,599	1,825	2,139	2,326	2,620	5,776
Blue Mountains	175	175	165	160	150	750
Hawkesbury	142	178	158	188	215	1,190
Penrith	430	959	1,194	1,385	1,447	5,543
The Hills	646	860	1,119	1,194	1,163	5,447
North West Total	**2,992**	**3,997**	**4,775**	**5,253**	**5,595**	**18,706**

Source : Metropolitan Development Program; Urbis

Over the 5 year period from 2011 to 2016, the MDP indicates that Penrith LGA will be able to produce 5,415 new dwellings, equating to to 24% of forecast supply within the North West Subregion.

This reflects an average of 1,083 dwellings per annum over the period.

Dwelling production is anticipated to increase marginally to 5,543 dwellings over the subsequent 5 year period (1,109 per year).

5.3 HOUSING POLICY ANALYSIS

5.3.1 DWELLING PRODUCTION – 2006 TO 2011

Historic New Dwelling Approvals (NDAs) between 2006 and 2011 indicate a variance between actual dwelling production and the initial targets identified in the 2005 Metropolitan Strategy and the expectations listed in the Draft Penrith Urban Strategy. Table 20 provides a comparison of annual dwelling targets, indicative dwelling capacity, historic dwelling completions and NDAs for the Penrith LGA over the past 5 years.

TABLE 20 – DWELLING TARGETS, CAPACITY AND NEW DWELLING APPROVALS

Comparison of Targets, Historic Capacity and Approvals

PENRITH LGA, 2006-07 TO 2010-11

				Net Dwelling Approvals		
	2031 Metro Strategy	**Draft Penrith Urban Strategy**	**MDP - Dwelling Completions**	**Total NDA**	**Separate Dwellings**	**Other Dwellings**
2006-07	926	960	334	492	280	212
2007-08	926	960	317	441	177	264
2008-09	926	960	612	311	177	134
2009-10	926	960	317	666	335	331
2010-11	926	960	288	784	427	357
Total	**4,630**	**4,799**	**1,868**	**2,694**	**1,396**	**1,298**

Source : Metropolitan Strategy 2031; Metropolitan Plan 2036; Metropolitan Development Program 2010-11 Report; Draft Penrith Urban Strategy 2031; ABS Regional Profile 2006-2010; Urbis

NDA data provides an indication of the potential maximum new supply should all approved dwellings be constructed. NDAs for the 5 year period totalled 2,694 dwellings (as mapped in Figure 19). The MDP identified total dwelling completions over the equivalent period as being 1,868 dwellings. This indicates that of all approvals, only 70% translated into actual dwelling completions. This is considered well below typical market indicators which broadly reflect 80%-95% of NDAs.

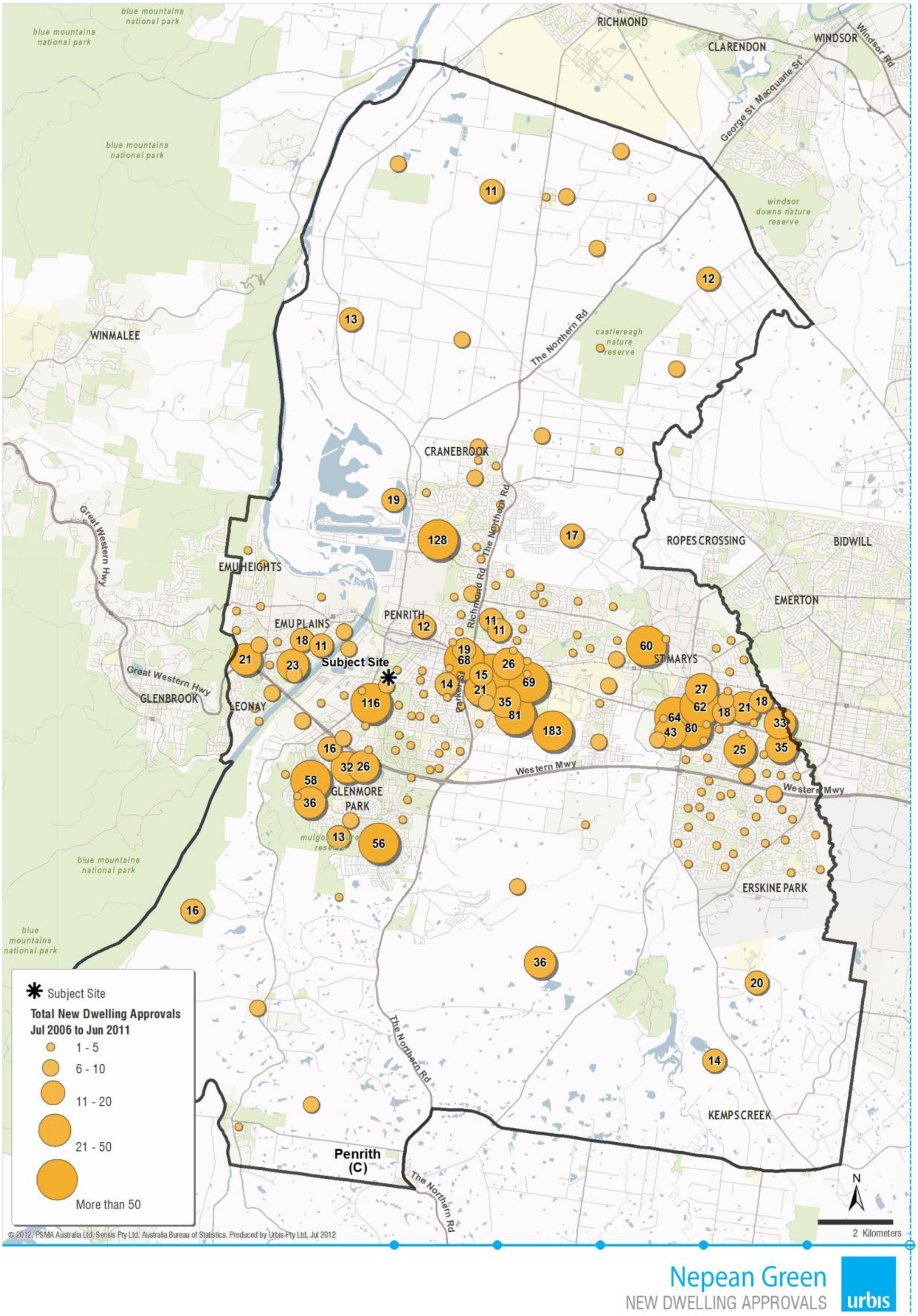
Between 2006 and 2011, Penrith LGA averaged 443 NDAs per year, 483 per annum less than dwelling production targets identified in the Metropolitan Strategy and 517 per annum less than estimated capacity indicated by Penrith Council. Dwelling completions tracked by the MDP show there was capacity for 2,931 additional dwellings that was not utilised (compared with the Draft Penrith Urban Strategy) and 2,762 dwellings compared with the 2031 Metropolitan Strategy targets.

The recent release of 2011 ABS Census data has highlighted somewhat ambitious population forecasts by the Bureau of Transport in Penrith LGA 2011. The Census indicates 3,572 fewer residents than the Bureau's population forecasts, which in real terms equates to a requirement for 1,232 fewer dwellings (based on an average household size of 2.9 people per dwelling).

This variance indicates there have been fewer new household formations and therefore less demand for dwellings. Market factors are considered to have contributed to the variance. Stagnation has been evident in the Penrith market and there has been inactivity by developers which has stunted provision of new supply. The true different in actual and forecast dwelling supply over the past 5 years can thus be summarised as follows:

- Forecast Dwelling Requirement (average of Metro Strategy & Draft Urban Strategy): 4,715
- Adjusted Dwelling Requirement Based on Actual Population: 3,483
- Dwelling Completions as Identified within the MDP: 1,868
- Actual Dwelling Difference 2006-2011: 1,615

FIGURE 19 – NEW DWELLING APPROVALS 2006 TO 2011



5.3.2 DWELLING TARGETS AND CAPACITY - 2011 TO 2036

Comparing the aggregate dwelling targets and estimated capacity indicates a broad alignment between the Local and State Government policies over the next 10 years. The Metro Strategy targets are however the lowest of the policies in place.

It is noted that updated dwelling targets have not been prepared for Penrith LGA under the Metro Plan and accordingly the targets identified within the former 2005 Metro Strategy have been relied upon.

Table 21 provides an annual comparison of dwelling targets and estimated dwelling capacity.

TABLE 21 – COMPARISON OF TARGETS AND ESTIMATED CAPACITY

Comparison of Targets and Estimated Capacity

PENRITH LGA, 2011 TO 2036

	Metro Strategy[1]	Draft Penrith Urban Strategy[2]	Metropolitan Development Program
2011-12	926	1,331	430
2012-13	926	1,331	959
2013-14	926	1,331	1,194
2014-15	926	1,331	1,385
2015-16	926	1,331	1,447
2016-17	926	1,050	1,109
2017-18	926	1,050	1,109
2020-21	926	1,050	1,109
2021-22	926	1,050	1,109
Subtotal	***9,260***	***11,904***	***10,958***
2021-22 to 2026	4,630	3,354	-
2026-2031	4,630	2,549	-
2031-2036	4,630	2,549	-
Total	**23,150**	**20,356**	

[1] Metro Strategy targets have not been updated for Penrith LGA in the Metro Plan release. As such, Metro Strategy targets have been adopted

[2] Penrith Council targets based of median dwelling target of low/high capacity estimates

Source : Metropolitan Strategy 2031; Metropolitan Plan 2036; Metropolitan Development Program 2010-11 Report; Draft Penrith Urban Strategy 2031; ABS Regional Profile 2006-2010; Urbis

Variances emerge between the Metro Strategy and Draft Penrith Urban Strategy after 2021 with the anticipated production of dwellings in Penrith gradually declining under the Urban Strategy over the next 25 years. Dwelling targets under the Metro Strategy are 2,614 higher than the Penrith Strategy.

The MDP does not provide estimates past 2021.

Whilst forecast dwelling targets generally co-align over the next 10 years, the ratio of infill to greenfield development identified varies between the Metro Plan and the Draft Penrith Urban Strategy:

- Metro Plan: 70% of new dwellings in existing urban areas and 30% in greenfield locations. Based on the former Metro Strategy targets this equates to 6,482 dwellings in existing areas and 2,778 in greenfield locations.

- Penrith Strategy: indicates a more even ratio with 48% of new dwelling capacity in existing urban areas (5,714) and 52% of dwellings in greenfield locations (6,190).

It is evident that the targets identified within the Metro Plan represent the State Government's intention to limit the volume of greenfield development. However, Penrith's Strategy reflects the physical capacity of actual development locations. As such, over 3,400 of the dwellings identified for infill locations within the

Metro Plan will need to be provided in greenfield locations where there is capacity to support such dwelling numbers.

In terms of infill locations, Penrith City Centre has the potential to accommodate the greatest number of dwellings in a single location with the ability to support a total of 4,718 new dwellings. The total potential infill capacity of all Penrith LGA precincts identified is 12,074 dwellings with the city centre representing 39% of this total. With regards to timing of City Centre development, the Urban Strategy indicates the provision of 786 dwellings for each 5 year period for the next 30 years.

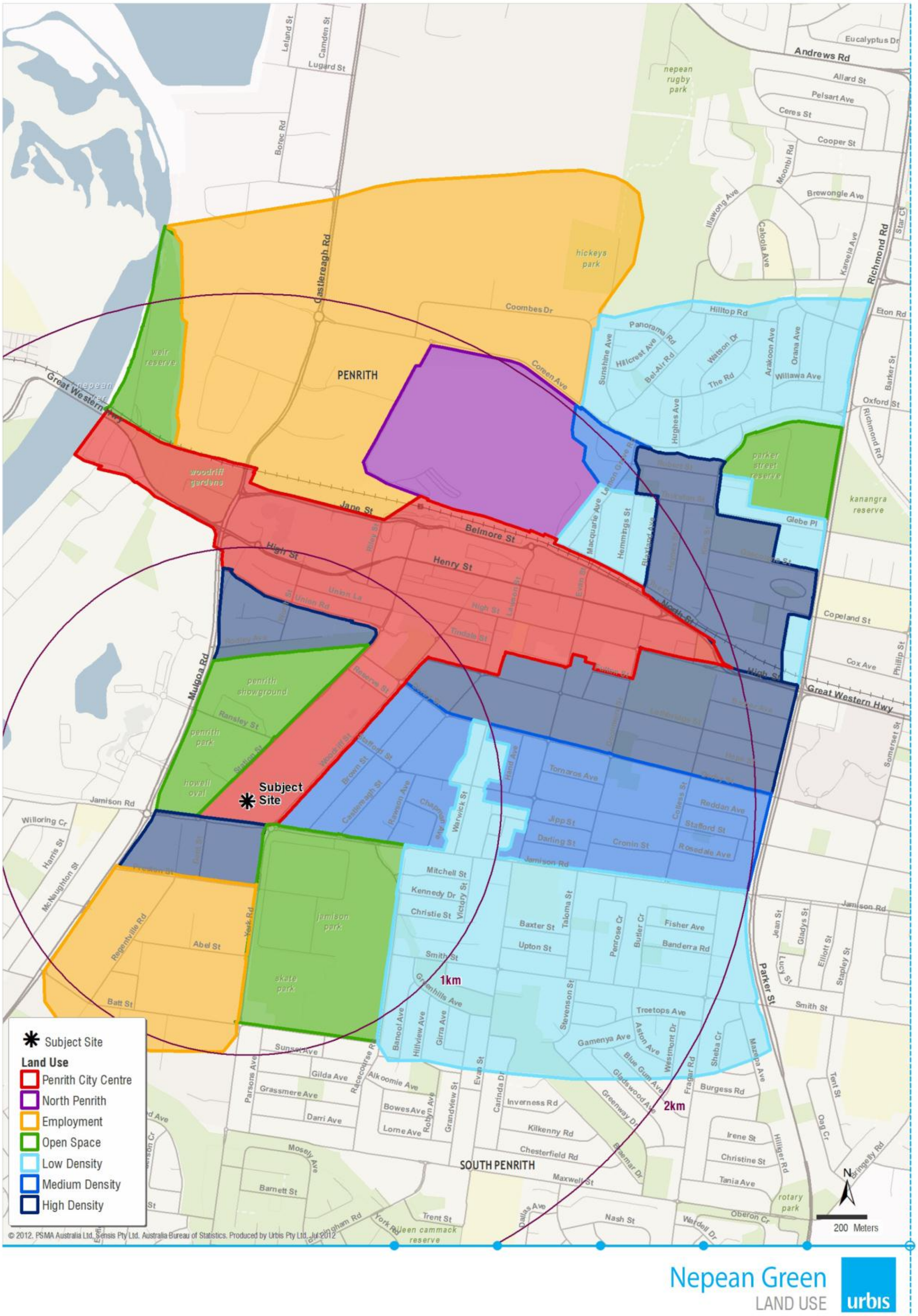
Figure 20 indicates development locations within the city centre and proposed dwelling densities. The subject property is positioned within the south western section of the city centre.

A specific dwelling yield has not been identified for the subject site in the Draft Penrith Urban Strategy. However the site is identified as a 'major site' in the MDP, with a capacity of 650 dwellings. The MDP expects that 159 dwellings will be produced between 2010/11 and 2014/15, and 491 between 2015/16 and 2019/20.

The dwelling yield proposed for the subject site has been reduced from 1,100 to 570 dwellings. The initial yield proposed far exceeded the MDP expectations for the site with the revised yield now considered more appropriate.

It is re-iterated that the additional housing proposed at the Penrith Panthers site (not identified in the Draft Urban Strategy) is anticipated to offset any potential loss in housing not only at this location but also throughout the LGA as a result of the subject dwelling yield reduction.

FIGURE 20 – PENRITH CITY CENTRE INDICATIVE LAND USE



5.4 SUMMARY

Penrith City Council and the NSW State Government have prepared respective policies with regards to future dwelling targets and dwelling capacity in Penrith LGA. The Draft Penrith Urban Strategy, Metropolitan Plan and Metropolitan Development Program are the respective policies prepared to assist in quantifying the volume of future stock required and facilitation of development throughout the region.

Over the past 5 years there has been a considerable shortfall in dwelling production throughout Penrith LGA. Dwelling targets initially established in the 2005 Metropolitan Strategy far exceeded both actual dwelling completions and net dwelling approvals in Penrith. In addition, expectations of dwelling completions stated within the Draft Urban Strategy were also far in excess of actual completions.

This is likely to indicate the following:

- Population forecasts and thus dwelling requirements over the 5 year period were over estimated.
- There is a higher amount of development capacity remaining as at 2011 in Penrith LGA than was anticipated by both Local and State Government.

There are considered to be other market related considerations (modest capital growth, inactivity by developers etc) which has impacted on the volume of dwelling completions however the primary outcome is that due to the lower than expected demand Penrith LGA has additional capacity for 2,931 dwellings. This is shown as follows:

– Anticipated new dwelling supply 2006-2011 as per the Urban Strategy	4,799
– Total Actual Dwelling Completions 2006-2011	1,868
– Additional Dwelling Capacity (Past 5 Year Underutilised Supply)	2,931

Forecast dwelling targets indicated for the next 10 years under the Metro Strategy aggregate to 9,260 dwellings. Penrith's Draft Urban Strategy identifies a development capacity of 11,904 dwellings over the equivalent timeframe. This reflects an additional capacity of 2,644 dwellings above forecast State Government dwelling estimate.

Combining the total dwelling capacity identified under the Urban Strategy capacity with the unrealised supply over the past 5 years increases total future capacity to 14,835 dwellings (5,575 dwellings above the Metro Strategy target).

The dwelling yield proposed for the subject site has been reduced from 1,100 to 570 dwellings. This reflects a reduction of 530 dwellings with the revised yield appearing more in line with MDP expectations for the site.

Given the total dwelling capacity identified under the Urban Strategy exceeds dwelling targets by 5,575 for the next 10 years, the impact of reducing the yield of the subject proposal is considered to be negligible as there is ample supply provision.

6 Summary & Conclusions

Urbis has been requested to complete a 'Residential Market Analysis' as part of an Economic Impact Assessment to determine the implications of reducing the residential yield of the subject proposal from 1,100 to 573 dwellings. The review is specifically required to assess any potential impact on future dwelling supply within the broader Penrith region.

To assist in completing the review, analysis has been undertaken on the following:

1. Migration data - to determine the potential catchment of residents relocating to the area. The review identified the net volume of inflow migrations and demographic characteristics

2. Demographic profile of Penrith suburb and Penrith LGA residents

3. Localised residential market - to gain an insight into existing dwelling stocks, median price points, characteristics of recent developments and the type / scale of future low, medium and high density residential proposals

4. Review of dwelling targets and dwelling capacity in Penrith LGA as identified within Local and State Government policies

Outcomes of the review are summarised as follows:

- The majority of inflow migration is by existing Penrith LGA residents (intra-migration) accounting for 72.3% of all inflows. Given the volume of internal migration Penrith LGA was adopted as the primary study area.

- Both internal and external inflow migration sources indicate a broad focus on family households locating within the area. Penrith LGA currently accommodates a high proportion of family households (78%). This would suggest that new stock be catered towards adequate provision of housing suitable to accommodating family households.

- Over the next 25 years the Department of Planning and Infrastructure is projecting significant growth in the number of residents aged 70+. As such, the proportion of couple families with no children (empty nesters) is anticipated to increase, and as a consequence so too will demand for more appropriate smaller scale dwellings.

- 81.5% of all dwellings in Penrith LGA are freestanding cottages with the remainder medium and high density developments. In contrast, only 47.3% of dwellings in the suburb of Penrith are configured in a low density format.

- Both Penrith suburb and LGA achieve lower household incomes than the broader Sydney region.

- 19.2% of households located in Penrith LGA and 38.6% of households in Penrith suburb feature a single occupant, yet only 2% and 6% of dwellings within each location accommodate 1 bedroom. This would indicate strong potential to provide additional smaller scale accommodation

- Fewer households in Penrith suburb and LGA own their dwelling outright in comparison to the Sydney region. Penrith Suburb is dominated largely by renters (52%) with a higher proportion of both public and private renters than both the LGA and Sydney region. This high proportion of renters is potentially attributable to the close proximity of the various University of Western Sydney Campuses (Penrith, Kingswood and Werrington) and Nepean Hospital.

- Penrith is a well established location supporting primarily low density residential stock. Given the LGA's location on the outskirts of the Sydney Metropolitan Area, capital and rental price points are considered low in comparison to broader Sydney. This is particularly the case for established flats and apartments with median capital values under $300,000.

- A review of net dwelling approvals over the past 5 years and the future development pipeline suggest a stronger focus on the provision of medium and high density development throughout Penrith LGA.

- By the end of 2017, some 2,015 medium and high density dwellings are mooted for completion in Penrith LGA. This reflects an average of 470 annual completions. Local demographics suggest a shift is required towards the provision of additional smaller dwelling stock given the increased prevalence of particularly lone person households.

- Identified greenfield release areas (current and future) have the potential to accommodate 7,300 dwellings. Whilst the majority of these greenfield releases will accommodate low density dwellings, some such as the aforementioned North Penrith Defence site will accommodate a high proportion of medium density dwellings. All identified greenfield subdivisions are forecast to be completed by 2020 by which stage it is anticipated that a considerable number of additional releases are likely to be planned / underway.

- The Draft Penrith Urban Strategy, Metropolitan Plan and Metropolitan Development Program are key policies prepared by Local and State Government to assist in both quantifying the volume of future dwelling stock required and facilitate development throughout the region.

- Over the past 5 years there has been a considerable under-utilisation of development capacity within Penrith LGA as per the Draft Urban Strategy. Dwelling targets initially established in the 2005 Metropolitan Strategy (926 dwellings per annum) far exceeded both actual dwelling completions (374 dwellings per annum) and net dwelling approvals (473 dwellings per annum) in Penrith. In addition, expectations of dwelling completions stated within the Draft Urban Strategy were well in excess of actual completions (variance of 2,931 dwellings over the 5 years).

- Population forecasts and thus dwelling requirements are considered to have been over estimated within the past 5 year period

- As a result of the shortfall in development completions, a higher amount of development capacity remains in Penrith LGA than was anticipated by both Local and State Government in their respective policies.

- There are considered to be other market related considerations (modest capital growth, inactivity by developers etc) which has impacted on the volume of dwelling completions over the past 5 years however the primary outcome is additional capacity for 2,931 dwellings.

- Forecast dwelling targets indicated under the Metro Strategy for the next 10 years aggregate to 9,260 dwellings (926 per annum). Penrith's Draft Urban Strategy identifies a development capacity of 11,904 dwellings over the equivalent timeframe ((1,190 per annum). The Urban Strategy thus anticipates an additional capacity of 2,644 dwellings above forecast State Government dwelling requirements.

- Combining the total dwelling capacity stated under the Urban Strategy with the additional capacity of 2,931 dwellings identified, there is total capacity for 14,835 dwellings over the next 10 years (5,575 dwellings above the Metro Strategy target).

- With specific regard to the subject proposal, the dwelling yield has been reduced from 1,100 to 570 dwellings. This reflects a reduction of 526 dwellings. As total dwelling capacity within Penrith LGA exceeds the required number of dwellings over the next 10 years by 5,575, the impact of reducing the yield of the subject proposal is considered to be negligible.

- It is noted that the reduced subject yield will reduce the quantity of medium density stock capable of being provided in the LGA. The Draft Penrith Urban Strategy provides the following indicative density mix for Penrith LGA:

  - 40% low to medium density and 60% medium to high density in existing areas;

  - 75% low to medium density and 25% medium density in greenfield locations.

- Based on the identified infill / greenfield dwelling split and total dwelling capacity identified for the LGA, the indicative density mix thus reflects 58% in a low density format and 42% in a medium density format.

- An average of 470 medium density dwellings are proposed for completion annually over the next 5 years (including the revised subject yield) which accounts for just over 50.1% of the State Government dwelling target of 926 dwellings per annum. This is well above the 42% medium density number identified within the Urban Strategy. It addition, it is anticipated that more apartment building developments will be proposed over coming years further increasing the overall percentage of medium density dwellings.

- Therefore, a reduction in the residential development yield of the subject proposal is not considered to limit or impact on the provision of future dwelling supply in Penrith LGA.

Sydney
Level 21, 321 Kent Street
Sydney, NSW 2000
t +02 8233 9900
f +02 8233 9966

Brisbane
Level 7, 123 Albert Street
Brisbane, QLD 4000
t +07 3007 3800
f +07 3007 3811

Melbourne
Level 12, 120 Collins Street
Melbourne, VIC 3000
t +03 8663 4888
f +03 8663 4999

Perth
Level 1, 55 St Georges Terrace
Perth, WA 6000
t +08 9346 0500
f +08 9221 1779

Australia • Asia • Middle East
w urbis.com.au **e** info@urbis.com.au