

24 May 2013

Ms Jenny David
Development Manager
Parkview Group Australia
PO Box R1779
ROYAL EXCHANGE NSW 1225

Dear Jenny,

Nepean Green Proposed Residential Design Changes

In July 2012 Urbis completed a Residential Market Analysis on behalf of Parkview in relation to the development proposal at 164 Station Street, Penrith. Following subsequent discussions held between Parkview and the Department of Planning & Infrastructure (DP&I), the request for further information from DP&I in a letter dated 19/12/2012 (and subsequent email) and design amendments to the development scheme, Urbis has been requested to confirm if the initial Residential Market Analysis conclusions are still appropriate.

The July 2012 residential analysis completed by Urbis was based on the following retail and residential development scheme:

- Retail – a 'Masters Home Improvement' store 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. It is noted that the site was initially planned to accommodate 1,100 apartments prior to this updated proposal.

The scheme has now been altered to provide the following:

- Retail – 'Masters Home Improvement' store relocated to the northern section of the property adjacent to the neighbouring shopping centre. The GLAR remains unchanged at approximately 13,603sq.m on-site parking provided.
- Residential – 570 residential apartments across 9 buildings within the southern component of the site. The buildings will range in scale from 4 to 12 storeys and each accommodate between 32 to 102 apartments. The retail plaza and tavern will be located in the north western section of the residential component.

The following commentary outlines variances / similarities between the schemes:

- The total residential apartment yield remains unchanged at 570 units
- The gross floor area remains unchanged
- The apartments will be housed in 3 fewer buildings

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- The highest building at 12 levels exceeds the previous scheme by 4 levels. It is noted however that all other buildings are between 4 and 6 storeys in height.
- The residential improvements will now occupy the southern area of the site.

The revised residential proposal is thus not considered to vary significantly from the previous development scheme.

The July 2012 Urbis Residential Market Analysis concluded the following:

- An estimated 2,015 medium and high density dwellings are mooted for completion in Penrith LGA by the end of 2017 (average of 470 per annum).
- Greenfield release areas have substantial capacity - current and future release areas have the potential to accommodate 7,300 dwellings. Whilst the majority of these greenfield releases will accommodate low density dwellings, some such as the 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.
- Dwelling completions have been well below forecasts and there has been considerable under-utilisation of development capacity:
 - Metropolitan Strategy dwelling targets (926 dwellings per annum) have far exceeded both actual dwelling completions (374 dwellings per annum) and net dwelling approvals (473 dwellings per annum) in Penrith over past years.
 - 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).
 - Combining the total dwelling capacity (11,904 dwellings) 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 of 9,260 dwellings for the equivalent period).
- With specific regard to the subject proposal, the dwelling yield had been reduced from 1,100 to 570 dwellings. This reflects a reduction of 530 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.
- Whilst the reduced subject yield will decrease the quantity of medium density stock provided in the LGA, development proposals identified exceed the preferred mix of medium density housing detailed in the Draft Penrith Urban Strategy:
 - 42% in a medium density format (development proposals indicate at least 50% of new supply will be in a medium density format)
 - 58% in a low density format
- A reduction in the residential development yield of the subject proposal is therefore not considered to limit or impact on the provision of future dwelling supply in Penrith LGA.

An updated review has been completed on the medium and high density residential development pipeline to identify if any additional projects that have been added or existing projects removed.

The main reduction in expected supply is the lapsed Lamrock Gardens project which was proposed to yield 66 dwellings. In addition, the proposed yield of the Penrith Panthers development has increased from 625 to 750 dwellings. It is noted that 250 of these dwellings are configured as 'seniors living' indicating a residential apartment yield of 500 dwellings. This represents an effective combined yield reduction of 191 dwellings (excluding seniors living) for both the Lamrock Gardens and Panthers developments.

However, an additional 10 medium / high density developments (each yielding in excess of 20 dwellings) have been proposed subsequent to July 2012. Aggregate yield of these proposals is 539 units.

Having regard to new development proposals and reduced yields of existing projects, the development pipeline has thus increased by 348 apartments to 2,363 dwellings subsequent to the review in July 2012.

As the subject yield remains unchanged from the July 2012 and the local medium density development pipeline has subsequently increased, we re-affirm the primary conclusion from our initial review:

- A reduction in the residential development yield of the subject proposal from 1,100 to 570 dwellings is not considered to limit or impact on the provision of future dwelling supply in Penrith LGA.

Should you require any additional information please feel free to contact the undersigned.

Yours sincerely,



Brendan Woolley
Associate Director - Property Economics