

Mr T Tredrea
Strategic Social Planner
Lane Cove Council
48 Longueville Road
Lane Cove NSW 2066

11 July 2017

Dear Terry

**Subject: St Leonards South Precinct Affordable Housing
Density Increase Advice**

Further to your instructions on behalf of Lane Cove Council (Council) we have identified a suitable amount of Affordable Housing contribution in the St Leonards South precinct (Study Area) and undertaken development feasibility modelling that reflects the varying size (area) and FSRs (floor space ratios) depicted for specific sites in a proposed LEP.

This advice forms an update of that provided to Council in June 2016.

The aim of this testing is to identify, for those sites in the St Leonards South precinct with a density uplift permitted the maximum number of Affordable Housing units that may be included and dedicated whilst still achieving a satisfactory project return.

It is assumed the proposed LEP will contain an inclusionary zoning clause for Affordable Housing (AH) reflecting a possible scale for the amount of AH stock to be contained on each site shown as a sliding scale based on gross floor area and varying site density.

Market Value Basis

Our primary method of valuation assessment is the development feasibility modelling referred to below supported by Direct Comparison with site sales and unit sales evidence. These results should be reviewed annually to reflect movements in the residential property market.

Background

It is understood Council seeks to include in its pending LEP for specifically nominated sites in the St Leonards South precinct with varied densities a specific quantity of Affordable Housing units to encourage developers to provide this form of housing by dedication

at no cost to the recipient (title transferee) being Council or an Affordable Housing administrator.

The density uplift for each site is compared to a Base Case that reflects a hypothetical site in the same vicinity with an FSR of 2.75:1.0 (minimum density) without any Affordable Housing inclusion.

The number of Affordable Housing units specified in the Summary Table below reveals the maximum number of Affordable Housing dwellings to be dedicated for a specific density (FSR) uplift.

Nominated Areas for the LEP within the St Leonards South Precinct.

The map extract (below) reveals the nominated "Areas" within the St Leonards South precinct to be depicted in the pending LEP.

It shows the Areas nominated for higher densities and Affordable Housing inclusion are located toward the east (Duntroon Ave) and north (Marshall Ave) of the precinct.

Figure 1: Precinct Area Map



Source: Lane Cove Council

Table 1: Data provided for each site.

St Leonards South Sector	Site Area	LEP FSR	Additional GFA over 2.75:1.0	Maximum Height Indicated (Storeys)
Area 1	3,415m ²	4.0:1.0	4,268m ²	19
Area 2	2,315m ²	3.7:1.0	2,199m ²	15
Area 3	1,897m ²	3.7:1.0	1,802m ²	15
Area 4	1,669m ²	3.7:1.0	1,585m ²	12
Area 6	1,669m ²	3.5:1.0	1,251m ²	10
Area 13	1,967m ²	3.0:1.0	491m ²	10
Area 14	1,669m ²	3.5:1.0	1,251m ²	10

Source: Lane Cove Council

Gross Floor Area Definition

The gross floor area (GFA) is defined as the building area that Council applies to the stated FSR to derive a building area envelope size.

In this case it applies to a residential apartments use and includes the Affordable Housing stock.

Market Commentary

We provide a development site property market commentary to describe the main drivers that effect purchaser demand, unit pricing and as a result development site value rates.

The main drivers are listed below.

Interest Rates

A cycle of historically low interest rates has underpinned buoyant house and unit pricing in the Eastern Seaboard capital cities in recent years. This extends to unit pricing on the Upper North Shore and St Leonards supporting our average pricing adopted of \$800,000 for one bedroom units, around \$1.30million for two bedroom units and \$1.70million for three bedroom units.

Whilst this buoyant market phase is expected to continue in the short term some indications of a change in the low interest rate cycle have emerged. Rates for investors have increased with more restrictive loan conditions applied.

Soundings from the Reserve Bank and market commentators suggest a series of moderate interest rate increases could occur over 2018 in response to a strengthening economy.

In summary the buoyant market conditions for pricing of both units and development sites are broadly understood to be approaching the end of the cycle peak, however, the change is expected to be moderate over one to two years. Early signs of an easing market are evident in sales clearance rates slowing, pre-sales requiring greater time and unit price growth moderating.

Capital Sources

The residential development market in Sydney continues to be underpinned by overseas capital pursuing the key sites in capital cities and inner ring areas such as St Leonards South.

Local developers have also participated in sites acquisitions with a number of established entities such as Winten and Dyldam entering (and exiting) St Leonards.

Development sites form one of the most volatile property sectors therefore rates paid will decline in response to a fall in sentiment in unit pricing where early signs are emerging. The pricing adopted for St Leonards South is expected to reflect the peak of the market.

Feasibility Modelling Results

Development feasibility parameters are summarised below.

Table 2: Range of Variables Reflected in our Feasibility Modelling

Variable	Base Case Rate	Range Shown for the Nominated Sites	Range Basis (varies in proportion to)
RLV site rate	\$9,250/m ²	\$9,250/m ² - see Note 1 below	FSR (density)
Construction cost rate	\$2,700/m ²	\$2,600/m ² to \$3,250/m ² of GBA	Building height
Basement parking rate	\$50,000/ bay	\$50,000 /bay	Basement depth
GR's (enclosed areas)			
One bedroom (55m ²)	\$13,800/m ²	\$14,000 to \$14,500/m ²	Building height (views); price range and site location.
Two bedrooms (85m ²)	\$13,500/m ²	\$14,000 to \$15,250/m ²	
Three bedrooms (115m ²)	\$13,250/m ²	\$13,750 to \$14,750/m ²	

Source: HillPDA

Note 1

Whilst the site acquisition rate (\$ /m²) typically varies from one site to another for factors affecting unit pricing, it has been held constant across all sites as the purpose of this modelling is to compare the number of Affordable Housing units that may be included for increased densities compared to the Base Case.

This constant rate of \$9,250/m² shows \$210,000 to \$280,000 /unit in proportion to the density change.

Nonetheless, the building construction rate (expressed as \$/m² of GBA) shown in our feasibility modelling increases moderately as the height of the building increases.

SIC Levy

No allowance for a potential State Government SIC levy is included.

Basement parking ratios

We have reflected the following in our feasibility modelling:

Parking ratios

- One bedroom units - 0.50 bays per dwelling;
- Two bedroom units - 0.90 bays per dwelling;
- Three bedroom units - 1.40 bays per dwelling;
- Visitor spaces - 1 bay / 4 units and
- Disabled spaces - 1 bay / 10 visitor bays.

S94 Contributions

We have been advised of the following rates to adopt for one bedroom units: \$12,120 /unit; two bedroom units : \$19,190/unit and three bedroom units - \$20,000 /unit (maximum).

The Affordable Housing stock in each case comprises a one bedroom unit configuration with an enclosed living area (saleable) of 55m² and basement parking allocated on a 0.50 bays per dwelling.

Our findings are contained in the Summary Table below.

Development Feasibility Modelling

In order to independently test the maximum Affordable Housing dwelling content for a given density increase required for a developer to be (reasonably) persuaded to dedicate the units to Council, we have derived the following results from our feasibility modelling.

Table 3: Modelling Results

Test case no.	Area	FSR	Affordable Housing Units	% of total stock (by enclosed floor area)
Base case	2,100m ²	2.75:1.00	nil	nil
Area 1	3,415m ²	4.00:1.00	10	4.8%
Area 2	2,315m ²	3.70:1.00	6	4.6%
Area 3	1,897m ²	3.70:1.00	6	5.7%
Area 4	1,669m ²	3.70:1.00	5	5.4%
Area 6	1,669m ²	3.50:1.0	3	3.4%
Area 13	1,967m ²	3.00:1.0	1	1.1%
Area 14	1,669m ²	3.50:1.0	3	3.4%

Source: HillPDA

To form a part of the inclusionary zoning for the St Leonards South precinct as proposed for a planned LEP, the table above reveals the maximum recommended Affordable Housing units to be included for each site.

This table reveals the Base Case is not viable for Affordable Housing content (ie. IRR of 13.84%) and the market anticipation extends to an FSR of 3.0 to 4.0:1.0 as a density range threshold for Affordable Housing to be viable with a range of inclusion shown above.

Recommendation & Conclusion

Our testing for the sites revealed a direct proportion between the FSR (density) and Affordable Housing content expressed as a percentage of the enclosed (saleable) floor space as shown in the second and fourth columns below. The table depicts a sliding scale for bonus FSR above the Base Case of 2.75:1.0 applicable to this Study Area.

The percentage of enclosed floor space (%) below applies to all sites in the Study Area whilst the resulting number of Affordable Housing units shown below applies to the Base Case (site area : 2,100m²). Larger sites for any given FSR should reveal for Affordable Housing stock the same percentage of floor area as shown below but a higher number of (AH) units.

Table 4: General Scale - St Leonards South Precinct

Base Case Site Area : 2,100m².

Test case no.	FSR	Affordable Housing Unit No.	% of total stock (by enclosed floor area)
Base case	2.75:1.00	Nil	nil
Case 1	3.00:1.00	1	1%
Case 2	3.10:1.00	3	3%
Case 3	3.50:1.00	4	4%
Case 4	3.70:1.00	6	5%
Case 5	4.00:1.00	10	5%

Source: HillPDA

It is recommended that this result is reviewed periodically as the development feasibility trends will vary over time as the Precinct is developed and property market drivers vary altering the pricing trends for sites and units.

Yours faithfully




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APPENDIX A: ESTATE MASTER FEASIBILITY MODELLING (BASE CASE - FSR 2.75 :1.0)

EstateMaster Development Feasibility				SUMMARY OF PROJECT RETURNS			
St Leonards South Affordable Housing Modelling							
Base Case 2.75:1.0							
Aff Hsing Nil Land Acq = \$8,500/sqm							
Time Span:	Jun-17 to Mar-20						
Type:	Residential						
Status:	Under Review						
Site Area:	2,100						
#N/A	2.75:1			Equated GFA: 5,775			
Project Size:	64 Units			1 per 32.81 of Site Area			
	5,775 GFA			1 per 0.36 of Site Area			
				Total AUD	AUD Per Unit	AUD Per GFA	AUD Per Total Net Revenue
Revenues							
	Quantity	SoM	AUD/Quantity				
Gross Sales Revenue	64	4,870.00	1,055,829.74	67,573,103	1,055,830	11,701	113.5%
Residential - 1 Bedroom Units	32	1,495.00	769,724.46	24,631,183			
Residential - 2 Bedroom Units	19	1,615.00	1,163,713.86	22,110,563			
Residential - 3 Bedroom Units	13	1,760.00	1,602,412.09	20,831,357			
Less Selling Costs				(1,901,579)	29,712	329	-3.2%
Less Purchasers Costs				-	-	-	0.0%
NET SALES REVENUE				65,671,524	1,026,118	11,372	110.3%
TOTAL REVENUE (before GST paid)				65,671,524	1,026,118	11,372	110.3%
Less GST paid on all Revenue				(6,143,009)	95,985	1,064	-10.3%
TOTAL REVENUE (after GST paid)				59,528,515	930,133	10,308	100.0%
Costs							
Land Purchase Cost				19,425,000	303,516	3,364	32.6%
Land Acquisition Costs				1,407,078	21,986	244	2.4%
Construction Costs (inc. Contingency)				24,991,522	390,493	4,328	42.0%
Other Construction Costs				23,801,449	371,898	4,121	40.0%
Contingency				1,190,072	18,595	206	2.0%
Professional Fees				2,938,476	45,914	509	4.9%
Statutory Fees				1,307,813	20,435	226	2.2%
Land Holding Costs				988,854	15,451	171	1.7%
Pre-Sale Commissions				514,159	8,034	89	0.9%
Finance Charges (inc. Fees)				-	-	-	0.0%
Interest Expense				3,298,104	51,533	571	5.5%
TOTAL COSTS (before GST reclaimed)				54,871,005	857,359	9,501	92.2%
Less GST reclaimed				(2,768,416)	43,256	479	-4.7%
Plus Corporate Tax				-	-	-	0.0%
TOTAL COSTS (after GST reclaimed)				52,102,589	814,103	9,022	87.5%
Performance Indicators				Per Unit	Per GFA		
¹ Net Development Profit				7,425,925	116,030	1,286	
³ Development Margin (Profit/Risk Margin)		Based on total costs (exc selling & leasing costs)		14.21%			
⁵ Net Present Value		Based on Discount Rate of 18% p.a. Effective		(2,325,865)			
⁶ Benefit Cost Ratio				0.9446			
⁷ Project Internal Rate of Return (IRR)		Per annum Effective		13.84%			
⁸ Residual Land Value		Based on NPV (Exclusive of GST)		17,346,613	271,041	3,004	


The following variables have been adopted with consistency across our feasibility modelling for these sites.

Development Feasibility Parameters	Input variables
Land Acquisition	10% deposit paid with the balance outlaid a month later with Stamp Duty based on the NSW scale.
Design and consultants fees	4% of construction costs for each.
Building construction cost rate	Varies around a range depicted in a table above (indicated by \$3,000/m ² of GBA (total building area)).
Statutory Fees	1.0% of construction costs S94 Contributions based on specific rates indicated in a table above.
Basement parking	Varies around a range depicted in a table above indicated by \$46,000 / bay.
Selling costs, Marketing & Legal fees	2.0% of GR's excl. GST
Marketing costs	1.0% of GR's excl. of GST.
Legal Fees	0.25% of GR's excl. of GST
Apartment Areas (Enclosed areas or living areas excluding parking)	1 bedrooms - 55m ² of enclosed area 2 bedrooms - 85m ² of enclosed area 3 bedrooms - 115m ² of enclosed area
Financing	Borrowings cost of 6.50% over 80% of project costs with equity forming the remainder.

APPENDIX B: ESTATE MASTER FEASIBILITY MODELLING (SITE 4 AREA 6 - FSR SHOWS 3.50 :1.0 - 3 AFFORDABLE HOUSING UNITS)

EstateMaster <small>Development Feasibility</small>		SUMMARY OF PROJECT RETURNS					
St Leonards South Affordable Housing Modelling							
Site 4 Area 6 FSR 3.5:1.0 Site Area 1,669sqm 3.4% Afford H							
 Estate Master Licensed to: HillPDA							
Time Span:	Jun-17 to Jan-21						
Type:	Residential						
Status:	Under Review						
Site Area:	1,669						
#N/A:	3.5:1						
Project Size:	64 Units	Equated GFA:	5,841.50				
	5,841.50 GFA		1 per 26.07 of site Area				
			1 per 0.28 of site Area				
				Total AUD	AUD Per Unit	AUD Per GFA	AUD Per Total Net Revenue
Revenues							
	Quantity	SqM	AUD/Quantity				
Gross Sales Revenue	67.51	4,870.00	1,028,920.05	69,462,392	1,085,350	11,891	113.5%
Residential - 1 Bedroom Units	29	1,595.00	794,824.17	23,049,901			
Residential - 2 Bedroom Units	19	1,615.00	1,249,914.89	23,748,383			
Residential - 3 Bedroom Units	13	1,495.00	1,743,392.96	22,664,108			
Affordable Housing	3	165.00	-	-			
Not Classified	3.51	-	-	-			
Less Selling Costs				(1,968,499)	30,758	337	-3.2%
Less Purchasers Costs				-	-	-	0.0%
NET SALES REVENUE				67,493,893	1,054,592	11,554	110.3%
TOTAL REVENUE (before GST paid)				67,493,893	1,054,592	11,554	110.3%
Less GST paid on all Revenue				(6,314,763)	98,668	1,081	-10.3%
TOTAL REVENUE (after GST paid)				61,179,130	955,924	10,473	100.0%
Costs							
Land Purchase Cost				15,438,250	241,223	2,643	25.2%
Land Acquisition Costs				1,106,078	17,282	189	1.8%
Construction Costs (inc. Contingency)				26,550,531	414,852	4,545	43.4%
Other Construction Costs				25,286,220	395,097	4,329	41.3%
Contingency				1,264,311	19,755	216	2.1%
Professional Fees				2,951,766	46,121	505	4.8%
Statutory Fees				1,015,134	15,861	174	1.7%
Land Holding Costs				855,683	13,370	146	1.4%
Pre-Sale Commissions				514,781	8,043	88	0.8%
Finance Charges (inc. Fees)				-	-	-	0.0%
Interest Expense				3,288,175	51,378	563	5.4%
TOTAL COSTS (before GST reclaimed)				51,720,398	808,131	8,854	84.5%
Less GST reclaimed				(2,915,499)	45,555	499	-4.8%
Plus Corporate Tax				-	-	-	0.0%
TOTAL COSTS (after GST reclaimed)				48,804,899	762,577	8,355	79.8%
Performance Indicators				Per Unit	Per GFA		
¹ Net Development Profit				12,374,231	193,347	2,118	
³ Development Margin (Profit/Risk Margin)	Based on total costs (exc selling & leasing costs)			25.26%			
⁵ Net Present Value	Based on Discount Rate of 18% p.a. Effective			110,341			
⁶ Benefit Cost Ratio				1.0029			
⁷ Project Internal Rate of Return (IRR)	Per annum Effective			18.19%			
⁸ Residual Land Value	Based on NPV (Exclusive of GST)			15,536,479	242,757	2,660	

APPENDIX C: ESTATE MASTER FEASIBILITY MODELLING (BONUS FSR SHOWS 4.00 :1.0 - 10 AFFORDABLE HOUSING UNITS)

EstateMaster <small>Development Feasibility</small>				SUMMARY OF PROJECT RETURNS			
St Leonards South Affordable Housing Modelling							
Site 1 Area 1 FSR 4.0:1.0 Site Area 3,415sqm 4.8% Afford H							
Time Span:	Jun-17 to Jul-21						
Type:	Residential						
Status:	Under Review						
Site Area:	3,415						
#N/A	4:1			Equated GFA:	13,660		
Project Size:	151 Units			1 per 22.81 of Site Area			
	13,660 GFA			1 per 0.25 of Site Area			
				Total AUD	AUD Per Unit	AUD Per GFA	AUD Per Total Net Revenue
Revenues							
	Quantity	SoM	AUD/Quantity				
Gross Sales Revenue	156.04	11,455.00	1,069,859.66	166,940,901	1,105,569	12,221	113.5%
Residential - 1 Bedroom Units	66	3,630.00	808,768.46	53,378,718			
Residential - 2 Bedroom Units	45	3,825.00	1,314,565.66	59,155,455			
Residential - 3 Bedroom Units	30	3,450.00	1,813,557.61	54,406,728			
Affordable Housing	10	550.00	-	-			
Not Classified	5.04	-	-	-			
Less Selling Costs				(4,730,261)	31,326	346	-3.2%
Less Purchasers Costs				-	-	-	0.0%
NET SALES REVENUE				162,210,640	1,074,243	11,875	110.3%
TOTAL REVENUE (before GST paid)				162,210,640	1,074,243	11,875	110.3%
Less GST paid on all Revenue				(15,176,446)	100,506	1,111	-10.3%
TOTAL REVENUE (after GST paid)				147,034,194	973,736	10,764	100.0%
Costs							
Land Purchase Cost				31,588,750	209,197	2,313	21.5%
Land Acquisition Costs				2,325,441	15,400	170	1.6%
Construction Costs (inc. Contingency)				70,796,149	468,849	5,183	48.1%
Other Construction Costs				67,424,904	446,523	4,936	45.9%
Contingency				3,371,245	22,326	247	2.3%
Professional Fees				7,567,031	50,113	554	5.1%
Statutory Fees				2,354,009	15,589	172	1.6%
Land Holding Costs				1,907,134	12,630	140	1.3%
Pre-Sale Commissions				1,237,876	8,198	91	0.8%
Finance Charges (inc. Fees)				-	-	-	0.0%
Interest Expense				7,192,018	47,629	527	4.9%
TOTAL COSTS (before GST reclaimed)				124,968,408	827,605	9,148	85.0%
Less GST reclaimed				(7,682,278)	50,876	562	-5.2%
Plus Corporate Tax				-	-	-	0.0%
TOTAL COSTS (after GST reclaimed)				117,286,131	776,729	8,586	79.8%
Performance Indicators				Per Unit	Per GFA		
¹ Net Development Profit				29,748,064	197,007	2,178	
³ Development Margin (Profit/Risk Margin)	Based on total costs (exc selling & leasing costs)			25.27%			
⁵ Net Present Value	Based on Discount Rate of 18% p.a. Effective			35,337			
⁶ Benefit Cost Ratio				1.0004			
⁷ Project Internal Rate of Return (IRR)	Per annum Effective			18.03%			
⁸ Residual Land Value	Based on NPV (Exclusive of GST)			31,620,181	209,405	2,315	

APPENDIX D: GROSS REALISATIONS EVIDENCE

Existing Stock			
Address	Units (based on recent unit sales)	Type	
<p>"The Forum"</p> <p>1 Sergeants Lane</p> <p>St Leonards</p>	<p>Sales range summary:</p> <p>\$1,600,000 to \$2,400,000 (\$17,391/m² av.)</p> <p>Specific sales:</p> <p>Unit 2107 (L21 east view) \$1.68m in May 2017 \$16,800/m²</p> <p>Unit 3408 (L34 east view) \$2.225m in May 2017 \$19,347/m²</p> <p>Unit 1801 (L18 west view) \$2.05m in March 2017 \$16,400/m²</p> <p>Unit 1808 (L18 east view) \$2.00m in March 2017 \$16,000/m²</p> <p>Unit 3308 (L33 east view) \$2.175m in Feb 2017 \$18,913/m²</p> <p>Unit 2201 (L22 west view) \$1.88m in Feb 2017 \$18,800/m²</p>	<p>3 bedrooms</p> <p>(excl. penthouses)</p> <p>100m² living - 3 bedrms</p> <p>115m² living - 3 bedrms</p> <p>125m² living - 3 bedrms</p> <p>125m² living - 3 bedrms</p> <p>115m² living - 3 bedrms</p> <p>100m² living - 3 bedrms</p>	
	<p>"The Abode"</p> <p>599 Pacific Hwy</p> <p>St Leonards</p> <p>(cnr Albany Street)</p>	<p>Sales range summary:</p> <p>\$750,000 to \$880,000 (\$16,300 /m² av.)</p> <p>\$1,100,000 to \$1,400,000 (\$13,888/m² av.)</p> <p>\$1,300,000 to \$2,000,000 (\$15,000/m² av.)</p> <p>Specific sales:</p> <p>Unit 174 (L15 west) \$1.9m in Feb 2017 \$14,961/m²</p> <p>Unit 59 (L7 east) \$1.2m in Feb 2017 \$14,634/m²</p> <p>Unit 163 (L13 west) \$770,000 in Feb 2017 \$17,111/m²</p> <p>Unit 185 (L17 west) \$1.3m in Jan 2017 \$13,000/m²</p> <p>Unit 124 (L7 west) \$850,000 in Dec 2016 \$15,740/m²</p>	<p>1 bedroom</p> <p>2 bedrooms</p> <p>3 bedrooms</p> <p>127m² living - 3 bedrms</p> <p>90m² living - 2 bedrms</p> <p>45m² living 1 bedrm</p> <p>100m² living 3 bedrms</p> <p>54m² living 1 bedrm</p>

The Forum

This complex comprises of 38 stories (118 metres) with 483 in two (2) towers. Forum West is the second to the Forum Tower building, with 25 stories and 290 apartments. Forum Tower was completed in August 1999 and the Forum West was completed 3 years later. Both have a concierge, pool, spa, gym and private and public car parking facilities each. Developed by the [Winten Property Group](#).

599 Pacific Highway

This residential tower was built around 2000 and forms a prominent building with high visibility to traffic along the Pacific Highway. It has a 24 hour concierge, gym, spa, 15metre pool and lifts to all parking levels.

Existing Stock		
Address	Units (based on recent unit sales)	Type
"Air"	Sales range summary:	
10 Atchison Street	\$720,000 to \$955,000 (\$800,000 av. shows \$14,286/m ² av.)	1 bedroom
St Leonards	\$1,100,000 to \$1,500,000 (\$16,250/m ² av.)	2 bedrooms
	Specific sales:	
	Unit 2409 (L21 west view) \$780,000 in Feb 2017 \$14,181/m ²	55m ² living - 1 bedrm no car
	Unit 2509 (L25 west view) \$795,000 in Feb 2017 \$14,454/m ²	55m ² living - 1 bedrm no car
	Unit 2109 (L21 west view) \$725,000 in Dec 2016 \$12,946/m ²	56m ² living - 1 bedrm no car
	Unit 2408 (L24 west view) \$1.44m in Dec 2016 \$17,560/m ²	82m ² living - 2 bedrms 1 car
	Unit 1705 (L17 east view) \$1.125m in Nov 2016 \$14,423/m ²	78m ² living - 2 bedrms 1 car
	Unit 1706 (L17 west view) \$760,000 in Nov 2016 \$13,333/m ²	57m ² living - 1 bedrm 1 car
	Unit 2806 (L28 south view) \$955,000 in Nov 2016 \$16,465/m ²	58m ² living 1 bedrm 1 car
	Unit 2508 (L25 W & S view) \$1.465m in Oct 2016 \$17,865/m ²	82m ² living 2 bedrms 2 cars

10 Atchison Street, St Leonards

The most recently completed high rise residential tower in St Leonards.

The following lists reported pre-sold stock results.

Pre-sold stock		
Address	Unit sales from recent enquiry	Type
"St Leonards Square"	\$845,000 (\$16,900/m ² av.)	50m ² av. for 1 bedroom
472-486 Pacific Hwy &	\$1,61m to \$1.75m (\$22,158/m ² av.)	69m ² av. For 2 bedrooms
	\$2.0m (\$21,053/m ² av.)	95m ² av. for 3 bedrooms
"Embassy Tower"	\$640,000 (\$12,800/m ² av.)	50m ² av. for 1 bedroom
1 Marshall Avenue	\$1.37m - \$1.9m (\$19,699/m ² av.)	83m ² av. for 2 bedrooms
St Leonards.	\$1.77m av. (\$17,700/m ²)	100m ² av. for 3 bedrooms

St Leonards Square

St Leonards Square comprises two (2) residential apartment towers with 539 units over 35 storeys in the vicinity of the railway station.

Our enquiries with Mirvac revealed the asking prices are being achieved in pre-sales completed as anticipated for high profile marketing campaigns undertaken by a major apartment developer that is widely recognised with a lengthy track record.

Embassy Tower & 25 Marshall Ave, St Leonards

The Embassy Tower at 1-17 Marshall Ave is the second stage of a project underway by Loftex. This building will contain around 217 apartments with a mix of studios, one, two and three bedroom units with district views extending to the Sydney CBD for upper levels.

The prior building at 25 Marshall Avenue was recently completed with settlement prices consistent with the trends shown for other completed towers in the results above.

The developer has contributed funds toward the construction of a public plaza to be built over the southern section of the St Leonards Railway Station line.

APPENDIX E: SITE SALES EVIDENCE

Development Site Sales Evidence

Since our prior advice in mid-2016, two further sales of amalgamated houses are recorded below in addition to a few single dwelling sales.

The recent key sales confirm the upper end of the range of \$11,000/m² of site area or \$295,238/unit (see “Berry Park” below) set by prior sales and an unconditional sale (Sale 2 below) reveal a lower rate around \$8,800/m² (\$227,814/unit) as expected for the greater (Planning) uncertainty accepted by the purchaser. The conditional sales are likely to be subject to a nominated unit yield being achieved by the gazetted LEP or further a DA consent.

Table 5: Development site sales evidence

Sale 1 “Berry Park”	Date	Sale Price	Site Area	Potential yield & Rate
36-40B Park Road & 27-43A Berry Road St Leonards	Mar. 2017	\$61,000,000 reported	5,212m ² \$11,704/m ²	210 units indicated \$295,238/unit
<p>Another cluster of home owners marketing their houses as Berry Park formed by dwellings on Park Road (4) and further residences on Berry Road (8) however they are bisected by Berry Lane that provides rear parking access to garages at the rear of most blocks.</p> <p>As for other sites in the St Leonards South precinct the properties are located 500 metres from St Leonards Railway Station and the Pacific Highway. The sold property comprises of two rectangular sites almost aligned across the bisecting Berry Lane that provides a dual street frontage to each. The marketing information suggests district views to the south over the Harbour and Sydney CBD from the upper levels could be achieved.</p> <p>The marketing agent's expressed an estimate of 210 apartments derived from a potential gross floor area (GFA) of 19,170m² ("STCA"). This equates to an estimated FSR of 3.68:1.0 given an average unit area of 91m² and shows a derived purchaser's site rate of \$295,238 /unit. This represents an artificial density potential which was not based on any statement or document produced by Council.</p>				
Sale 2 14-16 Marshall Ave & 2 Berry Rd, St Leonards	Dec. 2016	\$17,541,680	1,990m ² \$8,815/m ²	Unknown yield Based on 3.5:1.0 \$227,814/unit
<p>A low profile campaign by a city based agent resulted in three houses being sold in one line to a developer. Key aspects of this transaction are noted below.</p> <p>Its appealing location near the top of the hill allows more extensive district views.</p> <p>The transaction has settled (ie unconditional). This is expected to show a lower site rate than the other sales that are conditional on DA consent (for a prescribed unit yield presumably). The site has a regular shape with a corner frontage and close proximity to the railway station.</p> <p>This purchaser density estimate reflects an artificial density potential which was not based on any statement or document produced by Council.</p>				

Table 6: Further development site sales evidence

Address	Date	Sale Price	Site Area & Rate	Potential yield & Rate
Sale 3 23-31 Holdsworth Ave & 24-32 Berry Rd, St Leonards	Jan. 2016	\$61,500,000	5,574m ² \$11,033/m ²	246 units indicated \$250,000/unit
<p>After a high profile marketing campaign this site comprising ten detached dwellings is located 500 metres from St Leonards Railway Station and the Pacific Highway sold to overseas interests.</p> <p>The site has a rectangular shape with a dual street frontage of 76 metres will provide district views to the south over the Harbour and Sydney CBD from the upper levels. Close proximity to extensive infrastructure has appeal to overseas (unit) buyers. Marketed with the selling agent's expressed estimates of 246 apartments and a potential gross floor area (GFA) of 19,927m² ("STCA"). This equates to an estimated FSR of 3.57:1.0 given an average unit area of 81m² and shows a derived purchaser's site rate of \$250,000 /unit. This represents an artificial density potential which was not based on any statement or document produced by Council.</p>				
Sale 4 31-41 Canberra & 28-32 Holdsworth Ave.s, St Leonards	Sept. 2015	\$66,000,000	5,700m ² \$11,579/m ²	257 units \$257,000/unit
<p>A key site comprising eight (8) dwellings situated close to Newlands Park and around 500 metres from the St Leonards Railway Station.</p> <p>This location allows a (walking) proximity to the planned railway station upgrade (public) works. The tower will provide district views to the south over the Harbour and CBD from the upper levels. This site has a broad street frontage relative to the site area.</p> <p>Marketed with an agent's expressed estimate of 257 apartments. Based on an average unit area of 80m² this equates to a potential GFA of 20,560m² and an FSR of 3.6:1.0. This shows a derived purchaser's site rate of \$257,000 /unit. This represents an artificial density potential which was not based on any statement or document produced by Council.</p>				
Sale 5 12 Marshall & 1-3 Holdsworth Ave.s, St Leonards	Sept. 2015	\$31,000,000	2,623m ² \$11,819/m ²	115 units \$261,000/unit
<p>This site comprises four (4) dwellings also in a key position of the Master Plan Precinct with similar features to that described above. This site lies opposite the first major sale in the Precinct being 1-13 Marshall Avenue.</p> <p>It lies in a lower price range to the transactions above (ie. greater demand) but is located in the same key sector of this Precinct.</p> <p>It was marketed with an agent's expressed estimates of a potential GFA of 9,200m² and an FSR of 3.5:1.0. Given an average area of 80m² per unit this equates to 115 units and a derived (purchaser's) site rate of \$261,000 /unit. This represents an artificial density potential which was not based on any statement or document produced by Council.</p>				

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