



Silverwater - Grey Street & Silverwater Rd Residential Market Appraisal

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QUALITY ASSURANCE

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EXECUTIVE SUMMARY

The purpose of this report was to investigate the demand for apartment living in Silverwater and whether or not the subject planning proposal for a site at 1-13 Grey Street and 32-46 Silverwater Road, Silverwater accords with market demand.

The site is subject to a rezoning proposal from B6 Enterprise Corridor to B2 Local Centre. The proposal comprises:

- Approximately 250 dwelling units; and
- Approximately 4,000sqm of non-residential floorspace, including 3,500sqm of retail space and 500sqm of commercial office space.
- The retail is likely to include a supermarket somewhere between 2,000sqm and 3,000sqm.

The area has been subject to rapid growth in apartments – mostly in the suburbs of Wentworth Point and Auburn. Within the Silverwater SA2 (which includes Newington and Wentworth Point) the population increased from 4,633 in 2001 to more than 12,000 in 2011.

Population is expected to increase further to 32,000 by 2031.

The key drivers to Sydney's residential property market are:

- Low interest rates underpinning affordability
- This has enabled higher prices and improved development feasibility;
- High cost of ownership leading to a higher propensity for households to rent;
- Downsizing of empty nesters;
- Demographic trends leading to declining household sizes;
- Strong population growth from international migration and natural increase; and
- Strong demand from international investors particularly from Asia.

There is one development of 118 apartments in Silverwater, at 79-87 Beaconsfield Street, currently pre-selling apartments at a rate of 10 per month with prices in the \$7,000 to \$9,000/sqm range. There are several more development proposals in the suburb of Auburn with each development pre-selling apartments at a rate of around 20 per month – with prices ranging from \$6,000/sqm to almost \$11,000/sqm.

There are 44 projects in the pipeline. The requirement for a high proportion of pre-sales to secure project financing means that any condition of oversupply is highly improbable. The strong levels of construction in the past year or two is a result of a large level of pent-up demand caused by levels of production of apartments between 2004 and 2012-13 that were too low – almost half the level they needed to be to meet rising demand right across Sydney.

The 600 residents on the site itself will generate around \$2.7m of supermarket spend of which the vast majority of this would be spent in the proposed supermarket. The apartments on the site will contribute to the viability of the retail proposed. Also the more apartments there are on site the less the need for on-site parking to ensure the viability of the retail space because a higher proportion of shoppers will walk.

State and regional planning policies have designated the Parramatta to Olympic Park as a priority growth corridor and Sydney Olympic Park as a strategic centre. Significant priorities are to ensure employment growth, and to provide capacity for additional mixed use development which includes offices, retail, services and higher density housing.

The Draft Auburn LGA Residential Development Strategy (2014) and Draft Auburn Employment Lands Study (2014) both recognise the site for future mixed uses that will make some contribution to the supply of housing and to the supply of retail floor space that will meet strong growth over the next one and half decades.

As such the proposed development which will provide 250 residential apartments and 4,000sqm of employment generating uses accords with the regional planning policies and draft local strategies.

1 INTRODUCTION

HillPDA was engaged to undertake a Residential Market Assessment Study (hereafter referred to as 'the Study') for the suburb of Silverwater in the Auburn Local Government Area (LGA). The purpose of the Study was to investigate the demand for apartment living in Silverwater and whether or not the proposal at 1-13 Grey Street and 32-46 Silverwater Road, Silverwater accords with market demand.

Methodology

The following tasks were undertaken as part of this Study:

- A review of State and local government policy documents relevant to the provision of housing in the Study Area;
- Demographic analysis of Silverwater and Greater Sydney. In order to develop a comprehensive demographic profile of local residents, HillPDA identified the social, economic and household characteristics of the population such as age structure, dwelling types, incomes, occupation, household characteristics, occupancy rates, affordability and dwelling demand;
- Research into the housing market in Silverwater and Auburn LGA to identify existing and forecast demand for housing by type;
- A review of market preference for dwelling types and the availability of housing options that buyers are seeking. Data sources included a range of property databases, local government reports, other professional reports and interviews with local agents;
- Collation and analysis of the market research to produce a set of key findings on the housing market; and
- A summary of key findings from the Study.

Site Description

The Subject Site address is 1-13 Grey Street and 32-46 Silverwater Road, Silverwater. Silverwater is a central western Sydney suburb situated approximately 14 km west of the Sydney CBD and 3 km east of the Parramatta CBD. The closest heavy rail station to the site is Auburn around 1.8km to the south.

Planning Proposal

A planning proposal was originally lodged with Auburn City Council (Council) seeking to rezone the Subject Site from B6 Enterprise Corridor to B4 Mixed Use under the Auburn Local Environmental Plan (LEP) 2010. This sought to provide the following mix of uses on the Subject Site :

- 226 dwelling units; and
- 4,000sqm of non-residential floorspace, made up entirely of retail uses. The retail component of the original proposed development would comprise a supermarket of up to 1,500sqm and specialty store retailing of around 2,500sqm.

Council resolved to support an amended planning proposal to rezone the Subject Site to B2 Local Centre in a meeting on 4 December 2013.

An amended proposal has subsequently been prepared following Council's December meeting. The amended planning proposal now seeks to provide the following mix of uses on the Subject Site:

- 250 dwelling units; and
- 4,000sqm of non-residential floorspace, including 3,500sqm of retail space and 500sqm of commercial office space.

The retail component of the amended proposed development would comprise a supermarket of up to 3,000sqm and specialty store retailing of around 500sqm.

2 PLANNING CONTEXT

This Chapter considers the planning and guidance context for Silverwater based on State, Metropolitan, Subregional and local planning policies and strategies.

State and Regional Planning Policies

A Plan for Growing Sydney (2014)

A Plan for Growing Sydney, released in December 2014, sets the broad targets of 664,000 new homes and 689,000 new jobs in the Sydney region by 2031. It defines six new subregions but the housing and job targets for each of the subregions will not be established until the strategies have been prepared. These will replace the former 2007 subregional strategies.

A Plan for Growing Sydney designates Sydney Olympic Park as a Strategic Centre. It also establishes a new Priority Growth Area – the Greater Parramatta to the Olympic Peninsula. The aim is to ensure long term employment growth, to provide capacity for additional mixed use development which includes offices, retail, services and higher density housing and to identify and deliver enabling infrastructure to support that growth and urban renewal.

NSW 2021- A Plan to Make NSW Number 1 (2011)

The NSW 2021 Plan aims to rebuild the NSW economy, provide quality services, renovate infrastructure, restore government accountability and strengthen NSW's local environment and communities. The Plan comprises five sub-strategies. The main sub-strategy that is of relevance to this Study is Rebuild the Economy as it encourages more land to be made available for housing. The Plan sets a target for the delivery of +25,000 new dwellings in Sydney per year to 2021.

The Plan aims to increase the percentage of the population who can travel less than 30 minutes by public transport to a city or major centre in metropolitan Sydney. More specifically the Plan identifies that there should be an increase in the proportion of total journeys to work by public transport in the Sydney Metropolitan Region.

West Central Subregion Strategy (2007)

The NSW Department of Planning's Draft Subregional Strategies were prepared as part of the planning process for the Sydney Metropolitan

Subregion in accordance with the 2005 plan City of Cities: A Plan for Sydney's Future. Consistent with this overarching plan, the draft Subregional Strategies provide a range of actions and objectives for the Subregion covering themes such as: economy and employment, centres and corridors, housing, transport, Environment, Heritage and resources, culture and governance.

Within the 25 year timescale strategy timeframe, the subregions and their respective LGA's were given housing and employment targets.

The Draft West Central Subregional Strategy (2007-2031) covers the five LGA's of Parramatta, Holroyd, Auburn, Fairfield and Bankstown. Housing targets were set as follows:

- Parramatta – additional 21,000 dwellings;
- Bankstown – additional 22,000 dwellings;
- Fairfield – additional 24,000 dwellings;
- Auburn – additional 17,000 dwellings; and
- Holroyd – additional 11,500 dwellings.
- TOTAL – additional 95,500 dwellings.

An increase in housing densities was also seen as a method of improving the mix of housing types in the Subregion (addressing the existing predominance of low density, detached and high value housing stock) whilst meeting broader centre objectives to increase vitality and make better use of existing infrastructure.

Draft Centres Policy 2009

The draft Centres Policy focuses around six (6) key principles as follows:

- The need to reinforce the importance of centres and the clustering of business activities;
- The need to ensure the planning system is flexible, allows centres to grow and new centres form;
- The market is best placed to determine need, and the planning system should accommodate this need whilst regulating its location and scale;
- Councils should have a mix of retail types that encourage competition; and
- Centres should be well designed to encourage people to visit and stay longer.

Local Planning Policies

Auburn LGA Residential Development Strategy (2014)

This purpose of this document prepared by AECOM is to provide a 20 year strategy to guide planning for future housing needs in Auburn City. It estimates a need for almost 20,000 more dwellings to house the forecast 53,000 new residents from 2011 to 2031. The documents recognises the planning proposal for the subject site as contributing to the LGA target.

Draft Auburn Employment Lands Study (2014)

This document prepared by AEC Group provides a strategy for employment lands, including commercial centres, in the Auburn LGA. The strategy identifies the need for a further 102,000sqm of retail floor space in the LGA from 2013 to 2031 of which almost 70% is required in the northern suburbs (north of the M4 Motorway). This area will require the equivalent of 3 to 4 full-line supermarkets over this period. The recommended retail hierarchy includes a proposed village centre on the subject site on Silverwater Road.

Key Findings

The state and regional planning policies have designated the Parramatta to Olympic Park as a priority growth corridor and Sydney Olympic Park as a strategic centre. Significant priorities are to ensure employment growth, and to provide capacity for additional mixed use development which includes offices, retail, services and higher density housing.

As such the proposed development which will provide 226 residential apartments and 4,000sqm of employment generating uses accords with the regional planning policies and draft local strategies.

3 DEMOGRAPHIC ANALYSIS

This Chapter provides a demographic profile of Silverwater, with particular regard to demographic characteristics that are likely to influence housing choice and residential intensification. These key characteristics include population, household type, dwelling types and income.

Data from the 2001, 2006 and 2011 ABS Census has been used in order to understand in greater detail how the locality has changed over time. Time series data has been based on the statistical boundary known as Silverwater Homebush SA2. This includes the localities of Newington and Wentworth Point. This is the smallest geographical area for which the ABS provides time series data across the last three census periods.

In order to highlight unique local demographic trends, HillPDA has (where appropriate) benchmarked the Silverwater SA2 against Greater Sydney.

Population

Population Growth and Projections

Based on Census data (which is presented in the table below) the Silverwater SA2 contained more than 12,000 residents in 2011 having grown from 4,633 since 2001 – growth of 260%. Population growth in the Greater Sydney has been much lower at 11% over this period.

Table 1 Population Growth 2001 to 2011

Location	2001	2006	2011	Change 2001-11		Change 2006-11	
				No.	%	No.	%
Silverwater SA2	4,633	9,380	12,081	7,448	161%	2,701	28.8%
Greater Sydney	3,997,321	4,148,574	4,429,035	431,714	11%	280,461	7%

Source: ABS Census Time Series

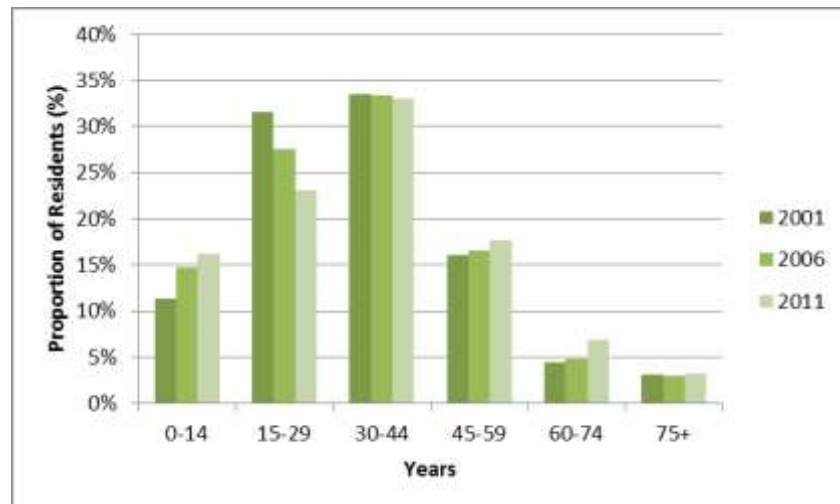
Population projections sourced from the NSW Bureau of Transport Statistics (BTS) shows that strong growth is expected to continue with the population in the SA2 expected to reach 25,900 by 2021 and 32,000 by 2031. This is a further rate of 260% over the next 20 years. Much of that growth however is expected in the suburb of Wentworth Point which is going through significant urban renewal and is expected to house over 13,000 people by 2031.

Age Characteristics

Greater Sydney is experiencing an ageing of its population. The median age rose from 34 in 2001 to 36 in 2011. Similar to the broader trends, Silverwater SA2 also observed a slight increase in median age (i.e. from 34 in 2001 to 35 in 2011).

The figures below show the proportional change in population by age cohort between 2001 and 2011 and clearly demonstrate the increase in residents aged 30 to 59 years which has been occurring relative to other age cohorts. There has also been a notable increase in residents under the age of 15 in the Silverwater SA2 over this same period which is reflective of the increase of families residing in the locality.

Figure 1- Population in Silverwater SA2 Area Age Cohort 2001-2011



Source: ABS Census 2001, 2006 and 2011.

Household Characteristics

Household Occupancy Rates

Trend analysis shows that household occupancy rates for Silverwater SA2 have been declining significantly from 2.8 and 2.5 persons per dwelling over 2001 and 2011. Greater Sydney on the other hand has remained constant at 2.7 persons per dwelling between 2001 and 2011. The declining household size in the SA2 is largely attributable to the influx of apartments – particularly in Wentworth Point.

Table 2 - Household Occupancy in the Silverwater SA2 2001 to 2011

Location	2001	2006	2011
Silverwater SA2	2.8	2.6	2.5
Greater Sydney	2.7	2.7	2.7

Source: ABS Census 2001, 2006 and 2011

Household and Family Structure

The table below indicates that family households were the predominant household type in the Silverwater SA2 in 2011, accounting for 67% of all households. The distribution of household types and trend are very similar to the Greater Sydney.

Table 3 - Household Structure in Silverwater SA2 2001 to 2011

Household Structure	2001		2006		2011	
	Silverwater SA2	Greater Sydney	Silverwater SA2	Greater Sydney	Silverwater SA2	Greater Sydney
Family Households	69.9%	69.6%	64.5%	68.1%	67.2%	69.5%
Lone Person Households	16.6%	21.3%	17.9%	21.6%	19.9%	21.5%
Group Households	5.5%	4.1%	4.4%	3.9%	4.2%	4.1%
Other Household	8.0%	5.0%	13.2%	6.4%	8.6%	5.0%

Source: ABS Census 2001, 2006 and 2011

Dwelling Characteristics

The table below provides details of the type of dwellings in Silverwater SA2 and Greater Sydney from the 2001 to 2011 Censuses. There has been a strong increase in the proportion of 'Flats-Units-Apartments' in both the Silverwater SA2 and Greater Sydney. The data indicates the increasing importance of apartments to the supply of housing in both areas shown, particularly for Silverwater SA2.

Table 4 - Dwelling Type in Silverwater SA2 2001 to 2011

Dwelling Type	2001		2006		2011	
	Silverwater SA2	Greater Sydney	Silverwater SA2	Greater Sydney	Silverwater SA2	Greater Sydney
Separate house	49%	63%	47%	62%	42%	60%
Townhouse	5%	11%	5%	12%	9%	13%
Flat-Unit-Apartment	45%	24%	47%	26%	48%	27%
Other dwelling	1%	1%	1%	1%	0%	1%
Not stated	1%	1%	0%	0%	0%	0%

Source: ABS Census 2006 and 2011

Employment

Resident workforce characteristics are an important factor in defining the strengths and weaknesses of an area. The occupational profile of residents in Silverwater SA2 and Greater Sydney in 2001, 2006 and 2011 is shown in the table below.

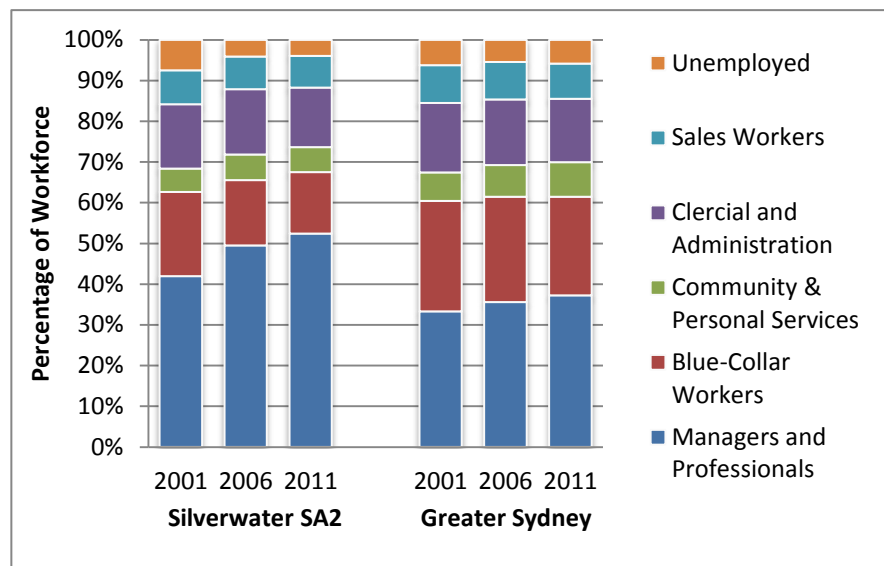
Table 5 - Employment Type 2001 - 2011

Occupation	2001		2006		2011	
	Silverwater SA2	Greater Sydney	Silverwater SA2	Greater Sydney	Silverwater SA2	Greater Sydney
Managers	17.0%	11.9%	19.2%	12.5%	20.5%	12.5%
Professionals	24.0%	20.7%	29.2%	22.4%	31.1%	24.0%
Technicians and trades workers(b)	9.0%	12.7%	8.2%	12.0%	8.6%	11.5%
Community and personal service workers	5.7%	6.9%	6.2%	7.6%	6.0%	8.3%
Clerical and administrative workers	15.5%	16.8%	15.7%	15.8%	14.4%	15.3%
Sales workers	8.2%	9.1%	7.8%	9.0%	7.6%	8.5%
Machinery operators and drivers	5.2%	6.4%	3.4%	5.7%	2.6%	5.4%
Labourers	6.0%	7.6%	4.1%	7.6%	3.6%	6.9%
Unemployment	7.3%	6.1%	4.1%	5.3%	3.9%	5.8%
Inadequately described/Not stated	2.2%	1.9%	2.1%	2.0%	1.7%	1.8%

Source: 2011 ABS Census Time Series

Professionals accounted for the largest proportion of workers in Greater Sydney since 2001 and this category has increased modestly from 21% to 24% as a proportion of total workers. This trend was more prominent in Silverwater SA2 with the proportion of Professional workers increasing from 24% in 2001 to 31% in 2011. Over the same period the proportion of blue collar workers in the Silverwater SA2 employed in occupations such as 'technicians & trade workers, labourers and machinery operators and drivers' declined significantly compared to the more modest declines in Greater Sydney. This reflects the significant shift in the Silverwater SA2 from traditional "blue collar" suburb to professional and "white collar". The shift is shown more dramatically in the figure below.

Figure 2 - Proportional Change of Occupations within Silverwater & Greater Sydney 2001-2011



Source: 2011 ABS Census Time Series

The proportion of persons employed within white collar occupations within the Silverwater SA2 have grown at a faster rate (+11%) between 2001 and 2011 when compared to Greater Sydney (+4%), while persons employed in blue collar occupations in the Silverwater SA2 have decline at a significantly larger proportion (-6%) between the period when compared to Greater Sydney (-3%).

Key Findings

In summary of relevance to this Study:

- The Silverwater SA2 has experienced significant population growth between 2001 and 2011 and population projections indicate that this will continue for the next two decades;
- The age profile of residents in Silverwater SA2 is getting slightly older with the median age increasing from 34 years to 36 years between 2001 and 2011. This is generally in line with the Greater Sydney. However in contrary to the Greater Sydney, the SA2 experienced strong growth in the 0 to 14 age cohort largely as a result of new families moving in;
- The improved accessibility and attraction of Silverwater to a wider market has led to a changing socio-economic character with a growing share of residents employed in professional and other white collar occupations and a significant decline in the proportion of workers employed in blue collar occupations.

These changes of course are largely brought about by urban renewal in the SA2, particularly at Wentworth Point which is expected to house over 13,000 people by 2031.

4 RESIDENTIAL MARKET APPRAISAL

This Chapter provides market research on the current demand, supply and price points for residential strata units in close proximity to the Subject Property, including Auburn, Silverwater and Newington.

HillPDA have used data sources including RP Data, Cordell Connect, Auburn City Council's DA Tracker, project marketing agents and realestate.com.au to understand the previous and current residential market conditions.

Drivers of Demand

Low interest rates and improved business confidence has succeeded in stimulating the property sector in parts of Australia, including NSW, despite uncertainties in the global economy. Increased construction activity is reported and business and consumer confidence is growing in most sectors – particularly in NSW.

The development of residential is driving more widespread renewal than any other land use at present, representing the 'highest and best use' from a development standpoint. Sites offering residential development opportunities observed to be principally driving sales activity in the development market.

A period of soft residential activity and growth since 2004 resulted in significant pent-up demand. This is a large contributing factor to the high levels of market activity currently witnessed, from generous premiums paid to assemble and amalgamate development sites to rapid and high levels of pre-sales.

Late 2013 was the start of a property bubble in the Sydney market evident by significant price rises, increase in development activity, buyer enquires and clearance rates. In our view the current levels of demand reflect sustained pent up demand for dwellings in Sydney. Residential property prices and investor interest over the 5 years prior to 2013 were flat and construction activity was failing to keep up with long term demand (which resulted in average household sizes or occupancy rates increasing slightly in the last inter-censal period). The recent upward trend in the residential market is a correction to the previous 5 years of flat growth.

The key drivers to Sydney's residential property market are:

- Low interest rates underpinning affordability;

- High cost of ownership leading to a higher propensity for households to rent;
- Downsizing of empty nesters;
- Demographic trends leading to declining household sizes;
- Strong population growth from international migration and natural increase; and
- Strong demand from international investors particularly from Asia.

It is widely acknowledged that development has not kept pace with demand, contributing to a tight rental market and rising house prices. This situation would have worsened without a significant and protracted uplift in residential development, particularly given demographic trends for declining household sizes and strong population growth.

Silverwater Residential Market

Silverwater is a western Sydney suburb situated approximately 14 km west of the Sydney CBD and 3 km east of the Parramatta CBD. Silverwater falls within the Auburn City Council, and borders eight suburbs including Rosehill, Rydalmere, Clyde, Ermington, Wentworth Point, Newington, Lidcombe and Auburn.

Silverwater contains a high proportion of attached dwellings, with 738 apartments and only 408 houses¹.

Residex sales data for Silverwater has revealed that over the last 12 months to April 2015, the median sale price for strata units was \$558,000, and the median sale price for detached dwellings was \$795,000². This information may have been skewed however, as other data sources indicate that only 6 strata unit sales and 18 detached dwelling sales have occurred over the last 12 months in Silverwater.

Within the Auburn LGA however; RPData has recorded 1,206 strata unit sales over the last 12 months, which reflects a median sale price of \$500,780. Comparatively over the same 12 months, there were 553 sales for single detached dwellings with a median sale price of \$836,230.

¹ Residex 2015

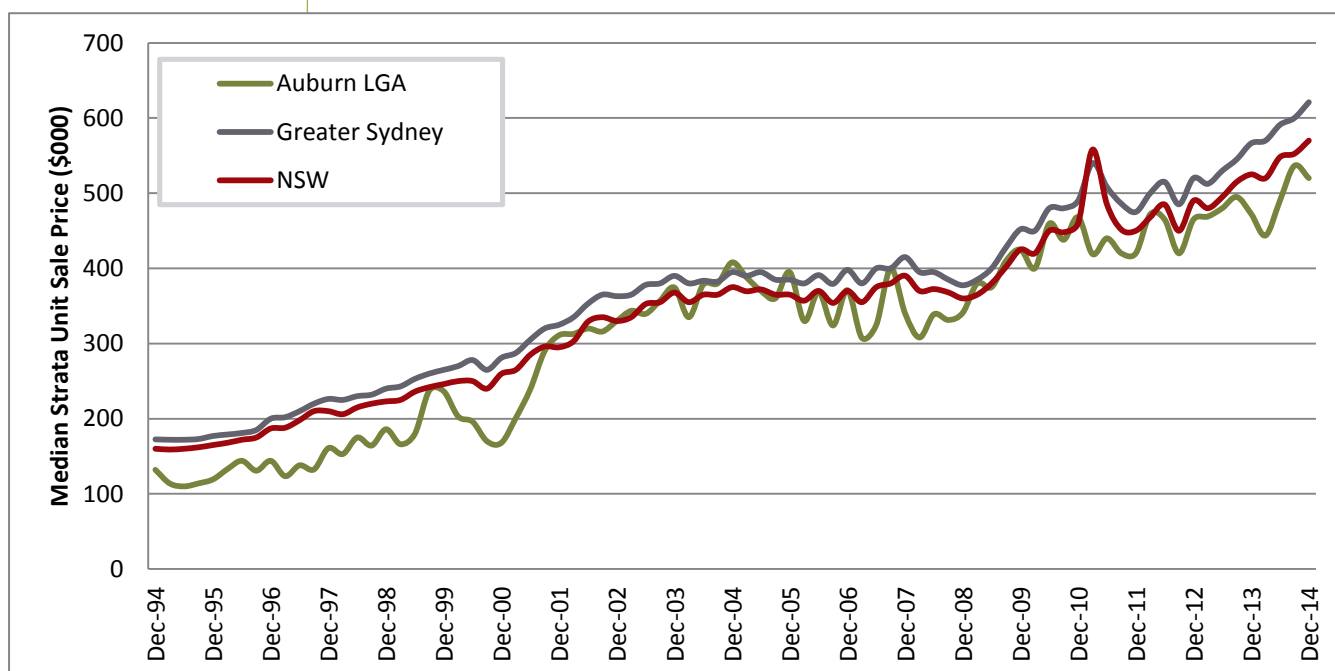
² Residex 2015

The comparison of pricing from Silverwater to Auburn City Council is indicative of the higher sale prices being experienced for the new apartment sales within the recent developments in Silverwater. Generally apartment sales were higher in Silverwater than in the LGA, and detached house sales in Silverwater were lower than in the LGA.

The relatively low amount of sales within Silverwater is also indicative of the high proportion of industrial land.

Analysis of the sale data for the Auburn City Council Median Strata Unit Sales over time has been reflected in the figure below. This indicates that the sale prices within the Auburn City Council are generally lower than the Greater Sydney and NSW catchment areas.

Figure 3 - Median Price Trends for Strata Sales within Auburn City Council



Source: NSW Housing Sales and Rent Report

Project Evidence - Residential Apartment Developments

HillPDA have analysed 5 major residential projects within Silverwater Auburn. These projects include:

1. "Silver Square", 79-87 Beaconsfield Street, Silverwater
2. 22-30 Station Road Auburn
3. 61 - 71 Queen Street Auburn
4. "Aya Eliza", 93-105 Auburn Road Auburn
5. "Apartments on Park", 6-14 Park Road, Auburn

“Silver Square”, 79-87 Beaconsfield Street, Silverwater

The Silver Square development is a 3-4 storey mixed use development containing 118 residential units and 23 commercial / retail units. The development sits on a site area of 6,514 sqm, which will accommodate a total floor area of approximately 9,500 sqm.



Developer:	Hallmark Constructions
Marketing Agent:	Guardian Property Specialists
Number of sold:	Approximately 118 units have sold.
Sales Rate:	The marketing agent indicated a sales rate of 10 sales per month, commencing from Jan 2014
Completion:	It is understood that the development is either complete or almost complete as at June 2015.

Sales/Price Analysis

Product Type	No. of	Internal size	Sale Price Range	\$/sqm Range (Internal)
1 Bedroom	9	50 – 55 sqm	\$450,000 - \$480,000	\$8,730 - \$9,000
2 Bedroom	75	70 – 85 sqm	\$565,000 - \$615,000	\$7,200 - \$8,070
3 Bedroom	23	100 – 110 sqm	\$700,000 - \$750,000	\$6,800 - \$7,000

Buyer Profiles

- The marketing agent indicated an even break up of owner occupier buyers (50%) to investors (50%).
- A large portion of buyers were Korean due to the Korean church in close proximity, with some Chinese buyers.

Other Comments

- Being close to the station was noted as a desirable attribute for apartment developments in the area.
- The dual key solution was also noted to be attractive to investors.

Source: Cordell, realestate.com.au, Interviews with Project Marketing Agents, HillPDA Analysis

22-30 Station Road Auburn

This development is an 8 storey residential development containing 79 residential units. The development sits on a site area of 2,358 sqm, which will accommodate a total floor area of approximately 6,897 sqm.



Developer:	Auzbond Development Pty Ltd
Marketing Agent:	LJ Hooker
Number of sold:	Over the last 6 months, approximately 70 apartments have sold.
Sales Rate:	The marketing agent indicated a sales rate of approximately 10 sales per month.
Completion:	The construction completion date has not been ascertained.

Sales/Price Analysis

Product Type	No. of	Internal size	Sale Price Range	\$/sqm Range (Internal)
1 Bedroom	7	55 – 59 sqm	Average at \$550,000	Approx. \$9,650
2 Bedroom	64	79 – 87 sqm	\$615,000 - \$650,000	\$7,400 - \$7,800
3 Bedroom	8	107 – 115 sqm	\$750,000 - \$800,000	\$6,900 - \$7,100

Buyer Profiles

- The marketing agent indicated a high proportion of the apartments were sold to the overseas market (approximately 60%), with only 40% local.

Other Comments

- Being close to the station and shops was noted as a desirable attribute for these apartments.
- The agent commented that the overseas buying market was the reason for achieving the high sale prices.

Source: Cordell, realestate.com.au, Interviews with Project Marketing Agents, HillPDA Analysis

61 - 71 Queen Street Auburn

This development is a 14 storey mixed use development containing 143 residential units plus retail space. The development sits on a site area of 2,821 sqm, which will accommodate a total floor area of approximately 14,099 sqm.

The project has a mix of product types which were predominantly 2 bedrooms; as well as 11 retail tenancies.



Developer:	Loulach Steel Pty Ltd
Marketing Agent:	Blueprint
Number of sold:	Not ascertained
Sales Rate:	The marketing agent indicated a sales rate of approximately 20 sales per month.
Completion:	Estimated Feb 2017

Sales/Price Analysis

Product Type	No. of	Internal size	Sale Price Range	\$/sqm Range (Internal)
1 Bedroom	9	average 55 sqm	Average at \$550,000	Approx. \$8,350
2 Bedroom	108	80 – 85 sqm	\$600,000 - \$620,000	\$7,250 - \$7,500
3 Bedroom	9	112 – 120 sqm	\$680,000 - \$720,000	\$6,000 - \$6,100

Buyer Profiles

- The marketing agent indicated an break up of owner occupier buyers (40%) to investors (60%).
- The agent commented that the buying population was mostly local; with investors attracted to the good returns and recent capital growth
- A dominant Korean and Chinese population was noted to show demand for these apartments.

Other Comments

- Being close to the station was noted as a desirable attribute for the apartments.

Source: Cordell, realestate.com.au, Interviews with Project Marketing Agents, HillPDA Analysis

“Aya Eliza”, 93-105 Auburn Road Auburn

This development is a 14 storey mixed use development containing 220 residential units plus retail space. The development sits on a site area of 4,849 sqm, which will accommodate a total floor area of approximately 19,561 sqm.



Developer:	Merhis Constructions Pty Ltd
Marketing Agent:	CBRE – Project Marketing
Number of sold:	Stage 1 sold out, Stage 2 to commence marketing shortly. It is understood that there are approximately 110 apartments per stage.
Sales Rate:	The marketing agent indicated a take up of 40 sales occurring in opening weekend for stage 1.
Completion:	All stages are estimated to have construction completed by late 2017.

Sales/Price Analysis

Product Type	No. of	Internal size	Sale Price Range	\$/sqm Range (Internal)
1 Bedroom	60	50 – 70 sqm	from \$450,000	Approx. \$9,000
2 Bedroom	158	78 – 90 sqm	From \$650,000	Approx. \$8,300
3 Bedroom	23	98 – 111 sqm	\$700,000 - \$750,000	\$6,700 - \$7,150

Buyer Profiles

- The agent indicated that these apartments were mainly being sold as “tourist marketing” to overseas buyers.

Source: Cordell, realestate.com.au, Interviews with Project Marketing Agents, HillPDA Analysis

“Apartments on Park”, 6-14 Park Road, Auburn

This development is an 8 storey mixed use development containing 98 residential units plus retail space. The development sits on a site area of 2,966 sqm, which will accommodate a total floor area of approximately 8,363 sqm.

The project has a mix of product types which were predominately 2 bedrooms; with ground level retail/commercial space of 524 sqm and 40 sqm respectively.



Developer:	(Unknown)
Marketing Agent:	MQ Realty
Number of sold:	40 apartments sold to date
Sales Rate:	The marketing agent indicated a take up of 20 sales per month over the last 2 months.
Completion:	Construction completion is estimated at September 2016.

Sales/Price Analysis

Product Type	No. of	Internal size	Sale Price Range	\$/sqm Range (Internal)
1 Bedroom	14	46 - 51 sqm	\$500,000 - \$550,000	\$10,700 - \$10,900
2 Bedroom	70	83 - 92 sqm	\$625,000 - \$690,000	\$7,500 - \$7,600
3 Bedroom	14	111 - 126 sqm	\$725,000 - \$745,000	\$5,900 - \$6,550

Buyer Profiles

- The marketing agent indicated that the majority of buyers were owner occupiers (70-80%) as opposed to investors (20-30%). Approximately 1 / 3rd of buyers were first home buyers, and many buyers were young professionals.
- Approximately 20% of these buyers were from overseas.
- Like the other developments, a large portion of buyers were Korean due to the Korean church in close proximity, with some Chinese buyers.

Other Comments

- The marketing agent stated that these apartments were more expensive than others due to the finish quality.

Source: Cordell, realestate.com.au, Interviews with Project Marketing Agents, HillPDA Analysis

Key Findings from Project Evidence

Project evidence has revealed some key trends for developments occurring in the Silverwater and Auburn area:

- The sale prices were quite varied depending on the size of apartment, location, apartment height and quality of finishes.
- Marketing agents that were selling to overseas buyers were clearly evidencing higher sale prices than other developments.
- A desirable attribute was being close to the station.
- A high number of buyers are Korean and Chinese attracted to the area due to the train service and a the large Korean church congregation in the area.
- 2 bedroom was the most in demand of all the apartment types
- Although the 1 bedroom apartments were generally at a higher sales rate per sqm than other apartment types, the 1 bedroom apartments experienced a much slower rate of sales.
- A desirable feature for apartments was being close to the station and close to the shops.

Supply Analysis

Assessment of the development pipeline gives a good indication of demand for housing and general market confidence in the industry.

This Chapter will provide a comprehensive analysis of the future supply of residential strata units in the Auburn LGA. HillPDA have analysed various data sources including Cordell Connect, and Auburn City Council's DA Tracker.

Supply Pipeline

According to Cordell Connect, there are approximately 44 apartment development projects progressing within Auburn City Council comprising between 10 – 1,244 apartments per development. The median dwelling yield per apartment development is approximately 107 units.

These projects are in various stages of the development pipeline, from early planning (DA Assessment) to commenced construction.

The completion dates for these developments range from Jun 2015 – Early 2022, with the median completion date for dwellings occurring within late 2017. As a result of the 44 apartment development

projects analysed alone, total amount of dwellings in the pipeline would introduce approximately 10,000 new dwellings over this period.

The majority of the apartment developments in the development pipeline within the Auburn LGA were located in Wentworth Point (3,583 dwellings); followed by Auburn (2,716 dwellings); and then Sydney Olympic Park (1,971 dwellings).

There was notably only 1 other apartment development registered as progressing within Silverwater, which was 79-87 Beaconsfield Street, Silverwater

This development contained approximately 118 units, which was due for completion imminently.

Please note that the requirement for a high proportion of pre-sales to secure project financing means that a condition of oversupply is highly improbable. As stated before the rapid levels of construction in the past year or two is meeting addressing a large level of pent-up demand caused by levels of production of apartments between 2004 and 2012-13 that were too low – almost half the level they needed to be to meet rising demand.

5 RETAIL DEMAND

Since the earlier study there have been several new developments and changes in the retail landscape. Spend per capita levels have increased and so has retail turnover densities.

Whilst increasing spend levels is beneficial for the proposal, we expect the trade area to contract. In future we expect very little expenditure will be captured from Wentworth Point, because of the distance and also because there are several proposals at Wentworth Point for shops including a full-line supermarket, discount supermarket, Asian supermarket and 5,000sqm or more of specialties.

As a result we believe the trade area will contract to include Newington in a Secondary Trade Area East but exclude Wentworth Point. The likely trade area expenditure and capture in 2021 is more likely to be as follows:

Table 6 Estimated Centre Sales and Market Share in 2021 (\$2012)

	PTA	STA East	STA South	Total
Population	4,257	5,700	10,262	20,219
Total Available Spend (\$m)*	56.7	95.2	102.6	328.8
Supermarket				
Available Expenditure (\$m)	17.7	26.0	35.0	78.8
Capture Rate	60.0%	20.0%	10.0%	24.5%
Trade Area Sales (\$m)	10.6	5.2	3.5	19.3
Non-Trade Area Sales (\$m)	-	-	-	6.4
Total Supermarket Sales (\$m)	10.6	5.2	3.5	25.7
Specialties				
Available Expenditure (\$m)*	26.9	46.7	45.4	118.9
Capture Rate	7.5%	1.5%	1.5%	2.9%
Trade Area Sales (\$m)	2.0	0.7	0.7	3.4
Non-Trade Area Sales (\$m)	-	-	-	3.1
Total Sales (\$m)	2.0	0.7	0.7	6.5
Total Specialties Sales (\$m)	12.6	5.9	4.2	32.2

* Excludes department store and bulky goods expenditure

Source: Marketinfo 2012, ABS Retail Survey 1998-99 and HillPDA

There will be a greater reliance on residents in the primary trade area (Silverwater) to support the proposed retail floor space and ensure its viability. \$26m turnover implies that a supermarket at a size of around 2,000 and up to 2,600sqm could be supported (based on a target retail turnover density of \$10,000/sqm).

The size of the supermarket may eventually be influenced by the requirements of the operator.

A likely supermarket operator is Coles given that Woolworths have stores already in Auburn and Newington. The next nearest Coles supermarkets are more than 6km away being Parramatta Westfield and Rhodes Shopping Centre.

For a large full-line supermarket Coles generally require 3,500sqm or more floor space, although they do operate a few smaller supermarkets at around 2,500sqm in inner and middle ring suburbs of Sydney (eg Danks Road, Waterloo).

Coles has a new format store (for example in Epping) of around 3,800sqm plus. Whilst the demand modelling implies that this is too large to be supported, these stores incorporate a large component of discount department store merchandise including apparel, kitchenware, homewares, garden and auto products, etc.

Other potential operators include Supa-IGA (1,500 to 2,000sqm or more), Supabarn (around 2,500sqm) or ALDI (1,500sqm).

The 600 residents on the site itself will generate around \$2.7m of supermarket spend (around 10% of the expected turnover of the supermarket) of which the vast majority of this would be spent in the proposed supermarket on site. The apartments on the site will contribute to the viability of the retail proposed. Also the more apartments there are on site the less the need for on-site parking to ensure the viability of the retail space because a higher proportion of shoppers will walk.

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