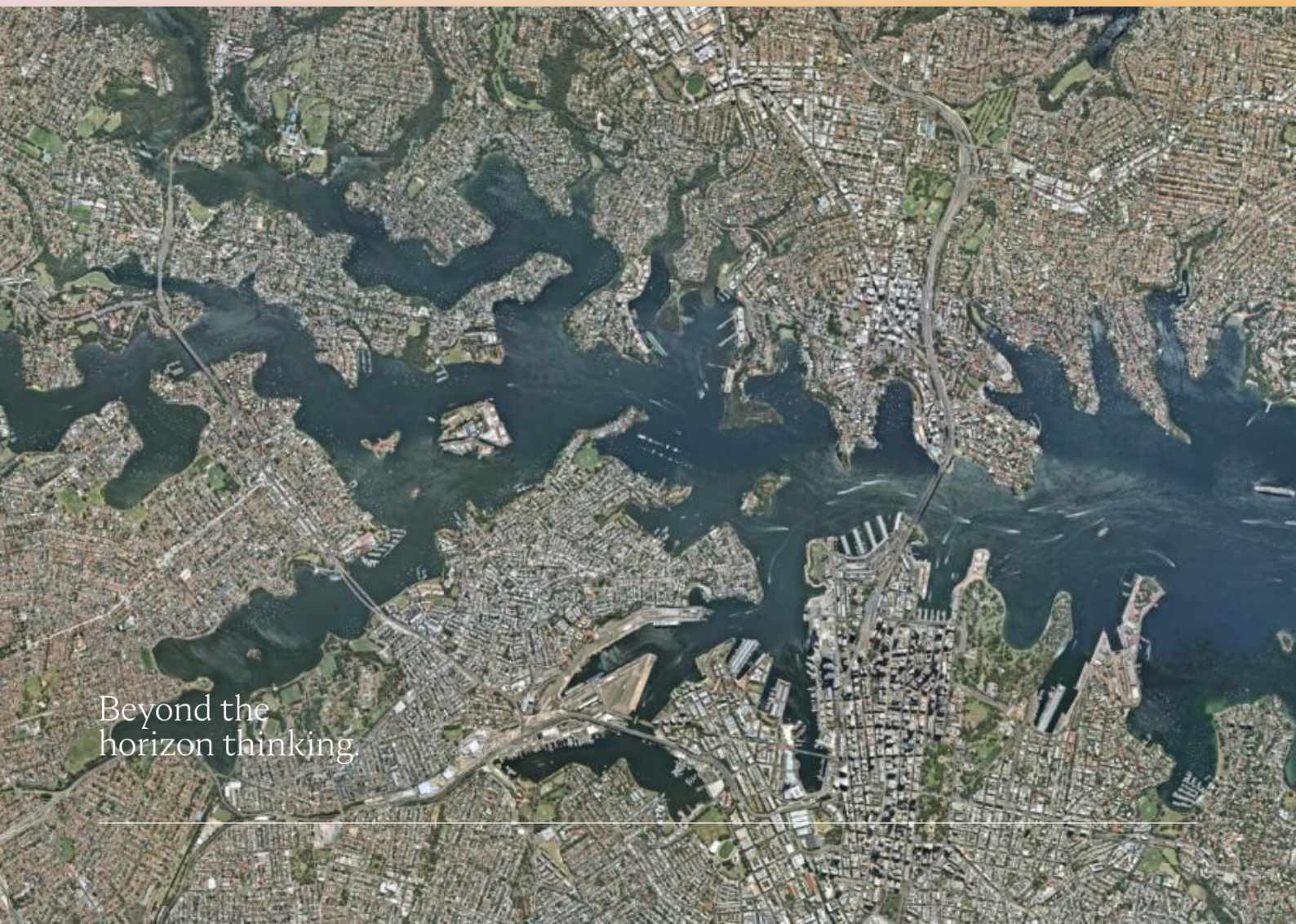
Atlas Economics

Parramatta Road Corridor Stage 2

Feasibility Analysis

CITY OF CANADA BAY COUNCIL

MARCH 2026



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Executive Summary

Background

The Parramatta Road Corridor Urban Transformation Strategy (**PRCUTS**) was commissioned by Urban Growth NSW in 2016, to set out a 30-year plan for infrastructure and future land uses along Parramatta Road from Granville to Camperdown. PRCUTS precincts include the Kings Bay precinct within the Canada Bay LGA.

In the Canada Bay LGA, Stage 1 of PRCUTS has been finalised and revised planning controls made in the Canada Bay Local Environmental Plan (**LEP**) 2013. In November 2025, Council prepared the PRCUTS Stage 2 Masterplan for the Kings Bay precinct (**the Masterplan**).

Atlas Economics (**Atlas**) is engaged by City of Canada Bay Council (**Council**) to carry out feasibility testing to examine the capacity for development in the Masterplan to contribute to Affordable Housing (**the Study**). The Study considers on-site infrastructure requirements (as applicable) outlined in the Infrastructure Strategy and makes recommendations on appropriate Affordable Housing contribution percentage rate(s) in the Precinct. This will inform an amendment to the Canada Bay Affordable Housing Contribution Scheme, which is being updated to incorporate an LGA-wide dollar contribution rate (per sqm) based on the median strata dwelling price in the LGA.

Feasibility Testing

The Low and Mid-rise controls (**LMR controls**) apply in parts of the Precinct. This necessarily requires the Study to consider the value associated with these controls in the context of assessing the feasibility of the Masterplan controls and any affordable housing contribution requirement.

A sample of three sites identified for higher floor-space-ratio (**FSR**) densities in the Masterplan is selected for testing, considered to be broadly representative of existing uses in the Precinct.

TABLE ES-1: Tested Sites

LMR CONTROLS		MASTERPLAN CONTROLS		SITE NO.	EXISTING USES	AVG. LOT SIZE (SQM)	INFRASTRUCTURE REQUIRED
Dev Type	FSR (n:1)	Dev Type	FSR (n:1)				
4/s RFB	1.5	12/s RFB	2.8	Site 1	Single dwellings, duplexes	480	Public domain embellishment
4/s RFB	1.5	10/s RFB	2.9	Site 2	Single dwellings, strata dwellings, medical centre	550	Public domain embellishment
4/s Mixed Use	1.5	6/s Mixed Use	2.4	Site 3	Single dwellings	430	n/a

Source: Atlas

For there to be incentive for developers to take-up the Masterplan controls and contribute to Affordable Housing, the resulting site value must be high enough to displace the existing use value. As shown in **TABLE ES-1**, the tested sites reflect a mix of existing uses and lot sizes. Key observations are made:

The sites have varying capacity to contribute to Affordable Housing, from 0% to 5%. This reflects the diversity of site and land use characteristics tested.

Sites 1 and 2 have capacity to make 2% to 5% Affordable Housing contributions. They also have larger allotment sizes and higher densities (10 to 12 building storeys) proposed. Existing buildings include non-residential uses on a large allotment and older-style single dwellings.

Site 3 does not have capacity to make any Affordable Housing contributions. Its existing uses are single dwellings, including higher value and updated dwellings.

Whilst Site 1 and Site 3 both mostly include single dwellings, the overall cost of land for Site 3 is higher, driven by the inclusion of higher value dwellings and smaller lot sizes. This demonstrates the implications of higher value uses on development feasibility, and the inverse relationship between lot size and the cost of land.

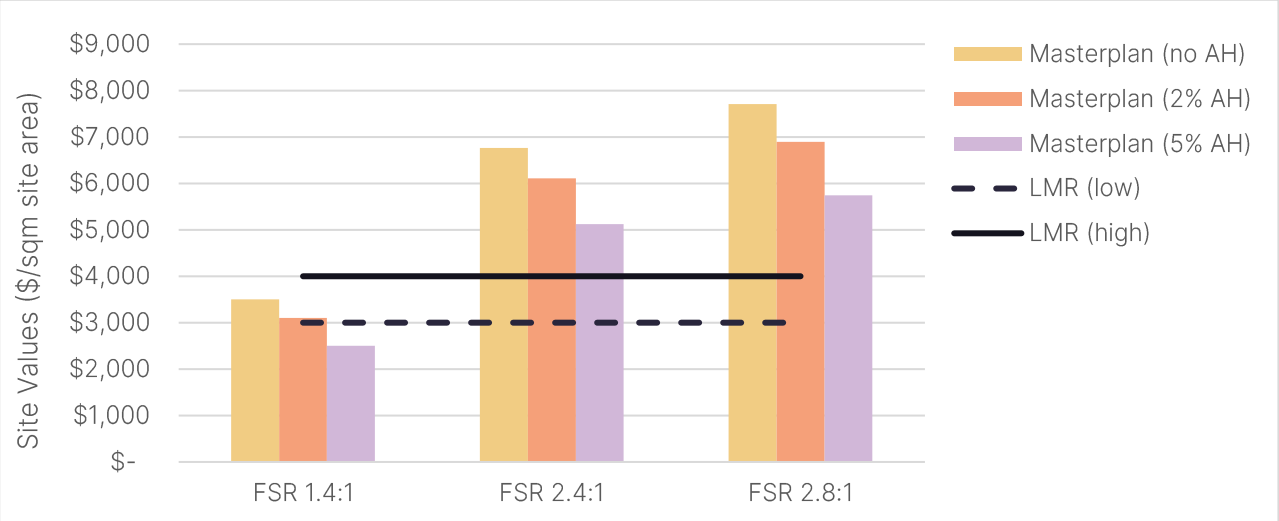
Whilst the cost of land is higher than Sites 1 and 2, the Masterplan density of Site 3 is lower and insufficient to offset the high cost of land, even before Affordable Housing contributions are made.

Implications for PRCUTS Stage 2 Implementation

The LMR controls apply in parts of the Precinct, specifically permitting density of up to FSR 1.5:1. The LMR controls do not have an affordable housing requirement. In order for take-up of the Masterplan to occur, the proposed planning controls under the Masterplan would need to ensure they (the Masterplan controls) even with affordable housing and infrastructure requirements are more attractive than the current controls (including LMR controls).

FIGURE ES-1 compares site values under the LMR controls against the Masterplan controls at various densities and Affordable Housing contribution rates. This enables observations to be made on the attractiveness of the Masterplan controls (at varying affordable housing contributions) compared to LMR controls.

FIGURE ES-1: Site Values under Masterplan Controls (at varying AH rates) v LMR Controls



Source: Atlas

Key observations can be made:

There is a direct relationship between density and site values, whereas there is an inverse relationship between affordable housing requirements and site values.

- At FSR 1.4:1, the site value under the Masterplan controls is lower than the upper range of site values under the LMR controls – before Affordable Housing contributions are made. At higher FSRs (2.4:1 and 2.8:1), the site values under the Masterplan controls are higher than the LMR controls, even after Affordable Housing contributions.
- Where Masterplan densities are higher than the LMR controls, whether the Masterplan is feasible depends on site-specific characteristics. In particular, if the site values under the Masterplan are more valuable that the value of the existing uses.

Affordable housing policy settings therefore have to ensure the attractiveness of Masterplan controls (with an affordable housing requirements) against the LMR controls (no affordable housing requirement) and the value of a property remains 'as is'.

RECOMMENDATIONS

The Study accordingly recommends Affordable Housing contributions are required in the Precinct at:

- A 2% contribution rate where Masterplan FSRs are above 1.6:1 as a base requirement.
- No contribution rate where Masterplan FSRs are below 1.6:1.

Where lot size patterns are smaller and more intensive site consolidation is required, the capacity to contribute to Affordable Housing may be lower than the broad-based rate of 2%. In those circumstances development may not be immediately forthcoming.

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Introduction

Beyond the horizon thinking.

1.1 Background

The Parramatta Road Corridor Urban Transformation Strategy (**PRCUTS**) was commissioned by Urban Growth NSW in 2016, to set out a 30-year plan for infrastructure and future land uses along Parramatta Road from Granville to Camperdown. PRCUTS precincts include the Kings Bay precinct within the Canada Bay LGA.

In the Canada Bay LGA, Stage 1 of PRCUTS has been finalised and revised planning controls made in the Canada Bay Local Environmental Plan (**LEP**) 2013.

The City of Canada Bay Council (**Council**) prepared a planning proposal to implement Stage 2 of PRCUTS which would apply to the Burwood-Concord and Kings Bay precincts. The planning proposal received Gateway Determination, subject to the removal of the Burwood-Concord precinct in the PRCUTS Stage 2 Study Area.

In November 2025, Council prepared the PRCUTS Stage 2 Masterplan for the Kings Bay precinct (**the Masterplan**).

Atlas Economics (**Atlas**) is engaged by City of Canada Bay Council (**Council**) to carry out feasibility testing of three nominated sites to examine the capacity for development in the Masterplan to contribute to Affordable Housing (**the Study**). The Study will accompany the planning proposal by Council for public exhibition to amend the LEP.

RECENT NSW PLANNING REFORMS

The NSW Government recently developed a suite of planning reforms, including the Low and Mid-Rise Housing Policy and amendments to the State Environmental Planning Policy (Housing) 2021 (**Housing SEPP**), both of which apply in the Precinct.

- Low and Mid-Rise Housing Policy (LMR controls)

  In December 2023, the NSW Government proposed planning reforms to facilitate greater opportunity for low and mid-rise residential development. In July 2024, Stage 1 of these reforms was implemented, permitting dual occupancies and semi-detached dwellings in the R2 Low Density Residential land use zones across NSW (not previously permitted in some local environmental plans).

  In February 2025, Stage 2 of the planning reforms was implemented, permitting a wider range of low and mid-rise housing development (subject to lot size and dimension requirements) in identified areas across NSW.

  This includes dual occupancies, terraces, townhouses, residential flat buildings and shop top housing. The LMR controls apply to residential areas within 800m walking distance of town centres and train/ light rail stations. Collectively, there are 171 LMR areas across metropolitan Sydney, including in part of the Precinct.

- Amendments to the Housing SEPP

  In December 2023, the Department of Planning, Housing and Infrastructure (**DPHI**) introduced amendments to the Housing SEPP to enable more residential development, including Affordable Housing. New bonuses were introduced, providing planning incentives (20%-30% height and floor-space-ratio (**FSR**) bonuses) if projects set aside 10%-15% on-site floorspace for Affordable Housing, for a fixed term of 15 years.

In addition to examining development feasibility based on proposed planning controls in the Masterplan, the Study additionally considers the implications of the LMR controls. In the Precinct, the LMR controls partially apply to the residential area in Kings Bay West and the north-western portion of Kings Bay East.

1.2 Kings Bay Precinct and Masterplan

THE KINGS BAY PRECINCT

The Kings Bay precinct (**the Precinct**) is defined as the area between the Burwood and Five Dock local centres. It comprises two sub-precincts, Kings Bay East and Kings Bay West which are connected via Queens Road. The Precinct accommodates a mix of residential, commercial and industrial uses within low-rise buildings.

The Precinct comprises land zoned R2 Low Density Residential and E3 Productivity Support. Employment land is located along Parramatta Road, mostly occupied by light industrial and large format retail uses. In the residential areas beyond, existing uses are mostly single dwellings on allotments broadly ranging from 400sqm to 500sqm.

THE MASTERPLAN

The Masterplan has been prepared by Studio GL for Council and envisages the Precinct as a vibrant urban village with opportunity to accommodate a mix of apartment and mixed use buildings. Higher density built forms are proposed along Parramatta Road, with lower rise buildings in transitioning towards the eastern part of the Precinct.

New open space and through-site links are proposed in the Masterplan. Accordingly, community infrastructure items have been identified in the draft Infrastructure Strategy for Parramatta Road Corridor Stage 1 and Stage 2 Precincts (**the draft Infrastructure Strategy**), which outlines required on-site infrastructure provision for various sites.

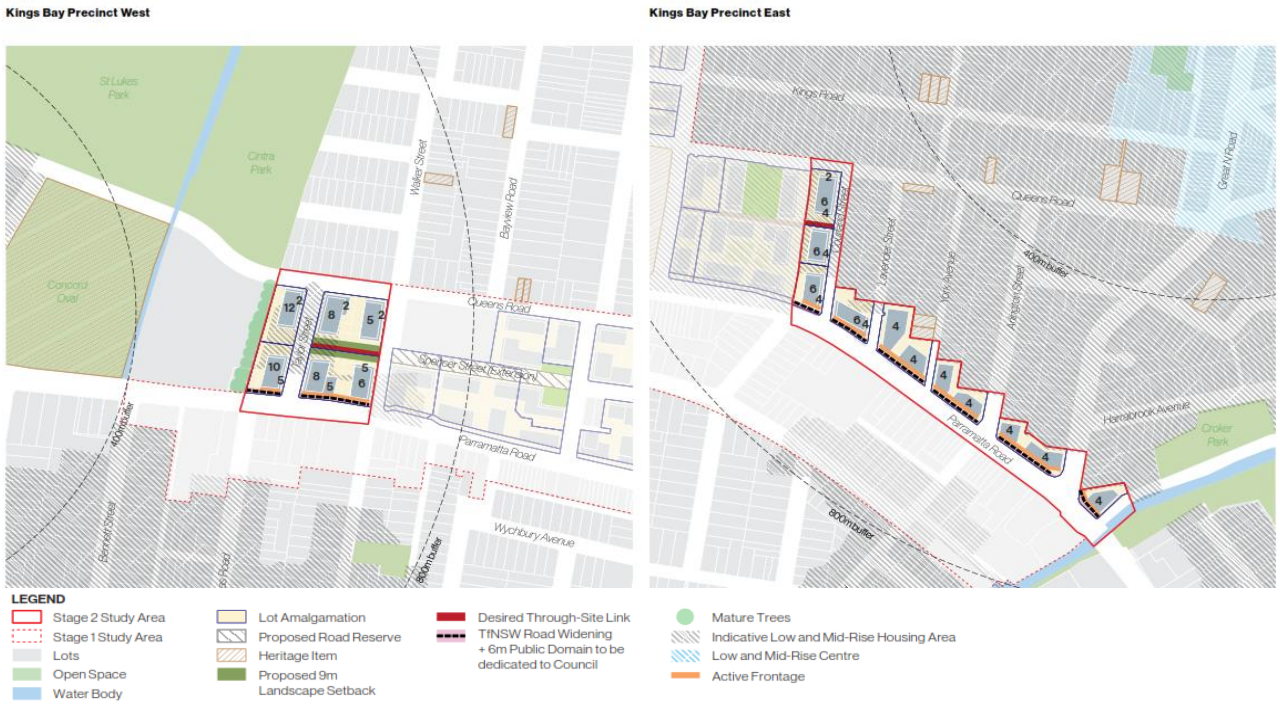
The Masterplan proposes FSRs ranging from 1.8:1 to 2.9:1 in Kings Bay West, and 1.4:1 to 2.4:1 in Kings Bay East. Additionally, apartment and mixed use buildings of up to 12 storeys and 6 storeys are proposed in Kings Bay West and Kings Bay East respectively.

FIGURE 1-1 and **FIGURE 1-2** illustrate the proposed FSR and building heights in the Masterplan.

FIGURE 1-1: Lot Amalgamation and Proposed FSR Controls (the Masterplan)

Source: GroupGSA (2025)

FIGURE 1-2: Proposed Building Storeys (the Masterplan)



Source: GroupGSA (2025)

The PRCUTS Stage 2 planning control amendments also seek to rezone the Precinct to:

- R4 High Density Residential in Kings Bay West
- E3 Productivity Support and R3 Medium Density Residential in Kings Bay East

The Precinct could accommodate a diverse mix of residential and employment uses and built forms, active main road frontages and an increased level of public amenity through new open space and through site links.

1.3 Scope and Approach

The overarching objective of the Study is to examine development feasibility in the Precinct based on Masterplan planning controls. If feasible, the Study investigates the capacity of development to contribute to affordable housing. The feasibility testing considers infrastructure requirements specified in the draft Infrastructure Strategy.

To fulfill the requirements of the brief, the Study carries out the following tasks:

- Market appraisal, including an analysis of market activity and prices paid for existing uses/ buildings and development sites.
- Feasibility testing of three nominated sites in the Precinct to investigate if development is feasible, and where feasible, the capacity to contribute to affordable housing after on-site infrastructure provision is made.

The Study recognises that development feasibility in the Precinct will vary. Lot and ownership patterns as well as the nature of existing uses and buildings collectively influence the cost of site consolidation and the likelihood of development as a realistic and feasible proposition. These accordingly influence the feasibility of the Masterplan planning controls for development. The objective of spot feasibility testing of sites that are representative of those in the Precinct aims to overcome this challenge.

1.4 Assumptions and Limitations

The feasibility analysis is a generic assessment which makes observations at an aggregate level across the Precinct. The following limitations are highlighted:

- Generic feasibility testing is based on high-level revenue and cost assumptions and does not consider site-specific nuances typically considered in detailed feasibility analysis. If there are contamination, adverse ground conditions or geotechnical issues that affect the cost of development, the analysis would require revision.
- A desktop appraisal of ‘as is’ or existing property values is carried out without the benefit of site inspections or property-specific financial information (e.g. rental income, investment returns, lease break clauses). The estimate of existing property values is made in the absence of site-specific information and is accordingly high-level and indicative only.
- The Study relies on assumptions based on current market conditions. Atlas recommends a review of the Study as and when appropriate.

The observations from the feasibility testing are aggregated to consider the site-specific and/ or location-specific factors that influence the feasibility of the tested development typologies.

Notwithstanding the assumptions made and limitations of generic feasibility testing, the Study aims to provide guidance at a strategic level on the relative appropriateness of affordable housing contribution requirements across the Precinct.

2

Property Market Appraisal

Beyond the
horizon thinking.

2.1 General Market Conditions

Like most advanced economies, the Australian economy recorded a period of high and persistent inflation over 2022-2024 in response to pent up consumer demand and supply chain disruptions in the wake of the COVID-19 pandemic. Inflation reached its highest levels observed since the 1990s in late 2022, peaking at 7.8% year-on-year in December 2022. These inflationary pressures have generated significant pressure on household budgets, notwithstanding an uptick in wages growth.

In response to a perceived overheating economy, the Reserve Bank of Australia (RBA) moved to tighten monetary policy, lifting the official cash rate from 0.1% in April 2022 to 4.35% in November 2023. The effect of these interest rate increases has been a gradual tempering in inflation since June 2024.

In response to a softening in inflation, the RBA lowered the cash rate to 4.1% in February 2025 followed by 0.25% cuts in May and August 2025. Further cash rate reductions are not expected in the short-term, given the recent and continued increase in inflation (from 3% in July 2025 to 3.8% in October 2025). Whilst inflation has nominally declined to 3.4% in November 2025, it remains above the RBA cash rate target range of 2-3%.

The rapid levels of inflation observed over 2022-2024 have impacted many parts of the economy - notably with substantial declines in investment activity, dwelling approvals and household consumption. **TABLE 2-1** summarises several key economic indicators across Australia as at Q1 2026.

TABLE 2-1: General Market Conditions

INDICATOR		COMMENT
	Soft Growth in National GDP	The Australian economy grew 0.4% in the September quarter, indicating the economy continues to decelerate. This is lower than the 0.7% growth over the preceding June quarter and the 2.1% growth through the year. On a per capita basis, GDP remained unchanged in the September quarter.
	Cash Rate at 3.6%	The RBA held the cash rate at 4.35% over Nov 2023-Dec 2024 in response to global uncertainty and stubborn inflationary pressures. In response to recent softening inflation indicators, the RBA lowered the cash rate to 4.1% in February 2025 with further rate cuts in May and August 2025. As at January 2026, the cash rate is 3.6%.
	CPI at 3.8%	CPI was 3.4% in the 12 months to November 2025, a nominal decline from the 3.8% in the 12 months to October 2025. Sydney recorded a Y-o-Y change of 3.4% to November 2025, broadly aligned with the national average.
	Population Growth increased by 1.5%	The Australian population grew by over 420,000 residents in the year to June 2025, representing an annual growth of 1.5%. Most of this growth was a result of net overseas migration, accounting for 73% while natural increase (i.e. births minus deaths) accounted for just 27% of population growth.
	Unemployment at 4.3%	National unemployment (trend) held steady at 4.3% in November 2025. This is well below peak unemployment of 7.5% in July 2020. The underemployment rate remained at 5.9%.
	Growth in Dwelling Production	Nationally, new private sector dwelling commencements fell by 0.9% in the 12 months to June 2025. This follows record low dwelling production observed in 2024, driven by significant increases in residential construction prices. Notwithstanding, dwelling production rates remain lower than pre-COVID levels.
	Residential Construction Costs Remain High	Nationally, residential construction price inputs rose 0.8% in the September 2025 quarter, driven by increased costs of raw building materials including timber. Whilst construction costs continue to rise, the rate of growth has eased from record high costs observed post-COVID. Sydney experienced the highest growth in residential construction cost at 1.4% in the June 2025 quarter (ABS, 2025).

Source: RBA, ABS

2.2 Market Activity

RESIDENTIAL MARKET ACTIVITY

The Precinct encompasses land within Five Dock. To understand key residential market trends, the Study analyses median house and unit sale prices in Five Dock over the 2015-2025 period.

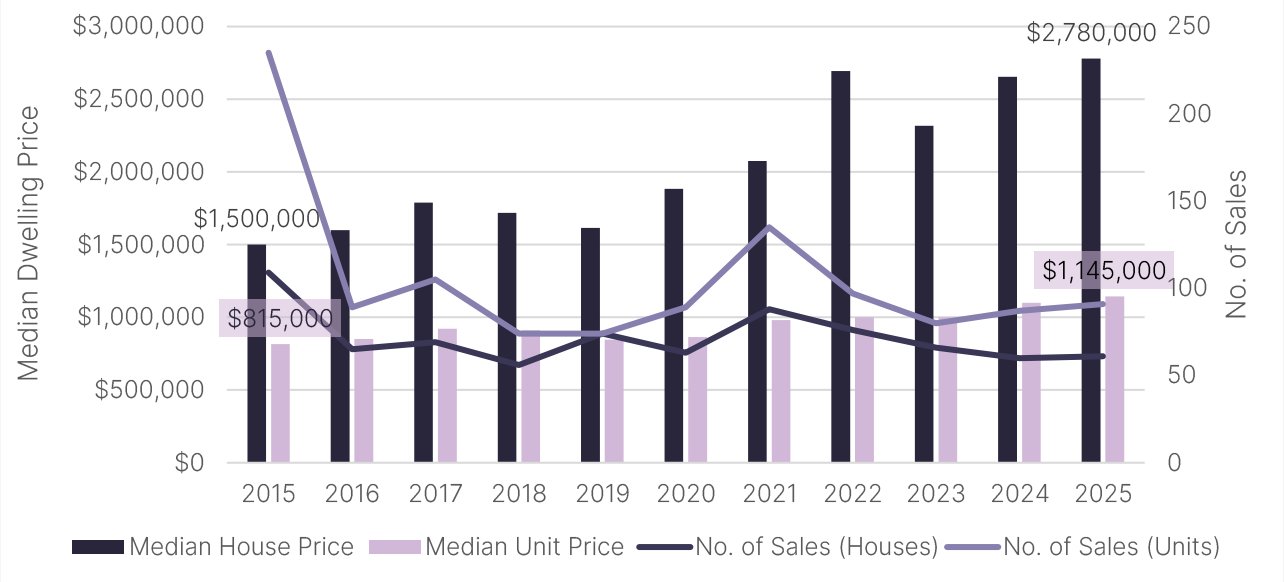
The analysis of dwelling prices provides a nuanced understanding of market demand for various housing typologies. This is particularly useful when analysed alongside sales volume. House and unit prices also directly influence the viability and feasibility of development.

House prices in Five Dock have grown significantly in the last decade. In 2015, the median house price in Five Dock was $1.5 million. In 2025, this grew to ~$2.8 million, reflecting average annual growth of ~6% over 2015-2025.

Unit prices have also grown in the last decade, however at a lower rate averaging ~4% per annum. In 2015, the median unit price in Five Dock was $815,000. In 2025, this was ~$1.1 million.

FIGURE 2-1 shows median dwelling prices and sales volume in Five Dock over 2015-2025.

FIGURE 2-1: Median Dwelling Prices and Sales Volume, Five Dock (2015-2025)



Source: PriceFinder (2025)

Key observations are made:

- Widening price gap between house and units

  In 2015, the median price differential between houses and units was ~80%. By 2025, the median house price was over 140% higher than unit price.

- Robust unit sales activity

  The volume of unit sales outpaced house sales consistently in the last decade. Whist sales activity for both housing typologies was broadly aligned, characterised by peaked activity in 2017 and 2021, unit sales was more robust than houses. In particular, whilst the volume of house sales declined in the last two years, there was consistent growth in unit sales volume over the same period.

As at 2025, the median house price peaked at ~$2.8 million, following strong price growth in the last decade. This has implications for the cost of a development site and market demand for units as a more affordable housing option.

The large price differential between houses and units is favourable for the viability of high density development. As house prices are significantly higher than units, the market would be more willing to pay economic price for a completed residential unit product, given that the alternative (detached dwelling) is becomes beyond financial reach. This is observed across inner Sydney and underpins the wide market acceptance for high density living.

High dwelling prices, however, also represent a higher cost of land to a developer. This means higher densities are required so that there is sufficient building area for a developer to sell to offset the high cost of land.

Notwithstanding the relative softness of unit sales and price growth, the completion of new Metro stations at Five Dock and Burwood North will increase overall desirability of the Precinct as a place to live and to do business. Kings Bay West and Kings Bay East are within 1km of the new Burwood North and Five Dock stations respectively.

NON-RESIDENTIAL MARKET ACTIVITY

Non-residential uses in the Precinct are predominantly service industrial and service commercial uses, including showrooms, automotive sales and repair services as well as warehouses/ commercial buildings. Most of these uses reflect larger allotments of ~800sqm to 1,000sqm.

There is a dearth of recent commercial sales in Five Dock. The values of existing commercial properties vary according to the quantum of lettable floorspace and the level of functional utility - which is a function of exposure, visibility and quality of accommodation. Commercial properties in the Precinct vary in condition, including modern showrooms to car yards.

ANALYSIS OF DEVELOPMENT ACTIVITY

There have been very limited development site sales in Five Dock and the broader LGA over the last 12-24 months. The paucity in development site sales activity can be attributed to many factors, including:

Existing planning controls permitting relatively low densities, until more recently when FSRs range up to 2.2:1 in LMR areas within 400m of the town centre and up to 2.5:1 in the town centre. This limits the attractiveness of development opportunities, particularly given the high cost of land in the locality.

- **Headwinds in the development market in general,** following the rapid increase in construction cost prices, labour and supply chain disruptions and the softening of expected apartment sale prices amid increases to the cash rate and interest rates.

There were few development sites which sold in the last 5 years, predominantly reflecting amalgamations of 3 or more sites in the town centre. These were a mix of improved retail strip, industrial and older strata sites.

A review of the development pipeline indicates several high density developments being progressed in Five Dock. Proposed developments include mid-rise buildings as well as large-scale projects ranging up to 31- storeys on Parramatta Road. Many of these development sites were large format industrial sites or those acquired in the longer term (over a decade ago).

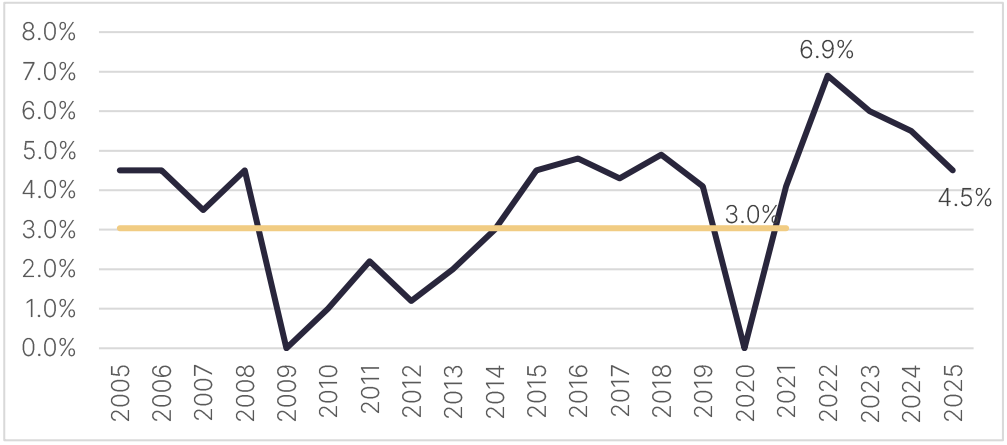
COST OF CONSTRUCTION

Market conditions have not been conducive to high density development across Australia. This is characterised by an inflationary cost environment, high interest rates and soft apartment price growth.

The cost of construction generally increases by 2.5%-3.5% annually, averaging 3.0% over the 15 years to 2021. Global supply chain disruptions resulted in a spike to construction cost from 2021, with prices yet to normalise.

FIGURE 2-2 shows construction cost movements against the 15-year average over the 15 years to 2025.

FIGURE 2-2: Construction Cost Movements, Greater Sydney Region (2005-2025)



Source: RLB

While construction cost movements have begun to moderate, it does not mean construction costs are declining. Rather, it means that construction costs are not increasing as rapidly as they were 24 months ago.

3
Feasibility Testing

Beyond the
horizon thinking.

3.1 Objectives of Feasibility Testing

This section undertakes feasibility modelling on a sample of sites in the Precinct to test if:

- If development is feasible under the Masterplan.
- Where development is feasible, the Affordable Housing contributions that could be made while remaining feasible.

The overarching objective of the feasibility analysis is to understand the nature of development feasibility, potential for Affordable Housing contributions and likelihood of development in the Precinct.

METHODOLOGY

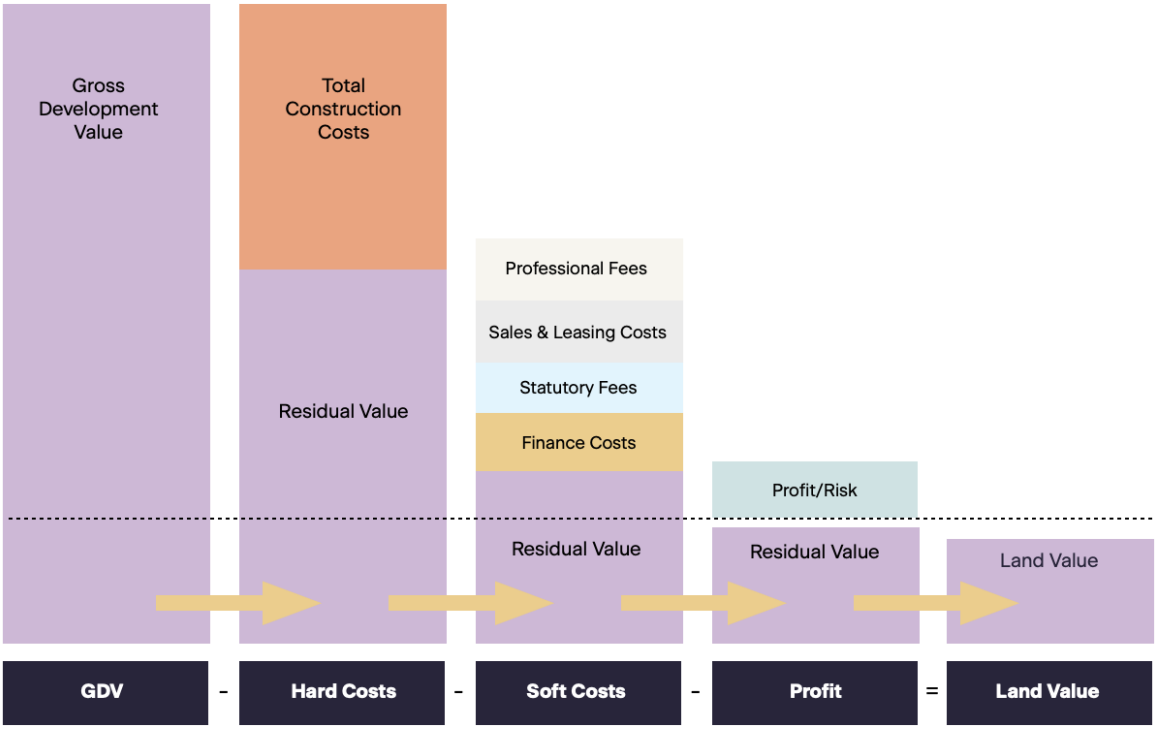
The financial feasibility analysis relies on the Residual Land Value approach. The approach involves assessing the value of the completed product, making a deduction for development costs and making a further deduction for profit and risk while ensuring the development achieves a target profit margin and return (or the 'target hurdle rates').

The amount that a development can afford to pay for land is a 'residual', i.e. the amount that remains after development costs are deducted and target hurdle rates are achieved. The residual land value (RLV) is therefore the maximum price a developer would be prepared to pay for a site for the opportunity to develop under the masterplan planning controls whilst achieving target hurdle rates.

For there to be an incentive to develop, the RLV must exceed the cost of land. The cost of land includes: a site's existing value which is influenced by its improvements and ownership patterns, and the costs that may be necessary to secure vacant possession (e.g. incentive premium/s to landowner, lease break payments).

Accordingly, the value of existing uses, premium and any other costs that a developer may need to be pay to consolidate a development site, are fundamental to the feasibility equation of new development.

FIGURE 3-1: Gross Development Value and Residual Land Value



Source: Atlas

3.2 Sites and Scenarios Tested

A sample of three sites is selected by Council for testing. These are sites identified for higher densities in the Masterplan and are also considered broadly representative of existing uses in the Precinct. Based on the Masterplan planning controls, notional development yields are formulated for the selected sites.

The cost to purchase individual properties (including an incentive premium) within a site is estimated from property market research into sales activity.

There are two key steps in the generic feasibility analysis:

- Step 1: Assess the 'as is' value of a site under the current planning framework (i.e. existing use value) including an incentive premium a developer would likely need to pay to secure the site. Consider the feasibility of the LMR controls and the likely price a developer would be willing to secure the site to develop under the LMR controls. The higher of the two values is the assumed cost of land (referred to as 'the Base Case').
- Step 2: Carry out feasibility testing under the Masterplan controls. Iteratively test for affordable housing contributions that could be made, after the delivery of on-site infrastructure (if relevant) is made. For the purposes of the feasibility modelling, the contributions are assumed to take the form of monetary contributions at the specified dollar rate $11,422/sqm of residential GFA (current at the time of writing).

TABLE 3-1 outlines the Sites for feasibility testing, their existing uses and tested planning controls.

TABLE 3-1: Tested Sites

LMR CONTROLS		MASTERPLAN CONTROLS		SITE NO.	EXISTING USES	AVG. LOT SIZE (SQM)	INFRASTRUCTURE REQUIRED
Dev Type	FSR (n:1)	Dev Type	FSR (n:1)				
4/s RFB	1.5	12/s RFB	2.8	Site 1	Single dwellings, duplexes	480	Public domain embellishment
4/s Mixed Use	1.5	10/s Mixed Use	2.9	Site 2	Single dwellings, strata dwellings, medical centre	550	Public domain embellishment
4/s RFB	1.5	6/s RFB	2.4	Site 3	Single dwellings	430	n/a

Source: Atlas

The Sites include a mix of existing uses, reflecting single dwellings of varying age and condition, strata dwellings and non-residential uses. Single dwelling sites range from 400sqm to 510sqm, which is broadly aligned with existing residential lots in the Precinct.

3.3 Feasibility Findings

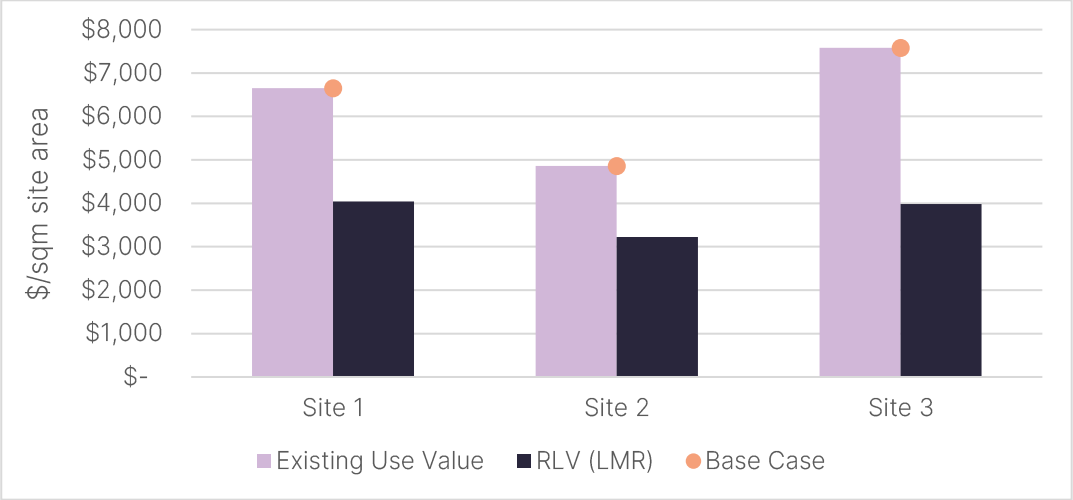
The feasibility findings indicate that the tested sites have varying capacity to contribute to Affordable Housing under the Masterplan controls. For all the tested sites, the residual land values under the Masterplan controls are higher than the Base Case, before any infrastructure or Affordable Housing contributions are made. This shows that development under the Masterplan controls is more attractive than the Base Case.

For there to be incentive to take-up the Masterplan controls and contribute to Affordable Housing, the site value under the Masterplan must exceed the Base Case, which is the higher of:

- Its value in existing use (cost of land, including an incentive premium).
- The site value under the LMR controls.

FIGURE 3-2 compares the existing use values and residual land values under the LMR controls for the tested sites and indicates the Base Case value.

FIGURE 3-2: Base Case, Sites 1-3



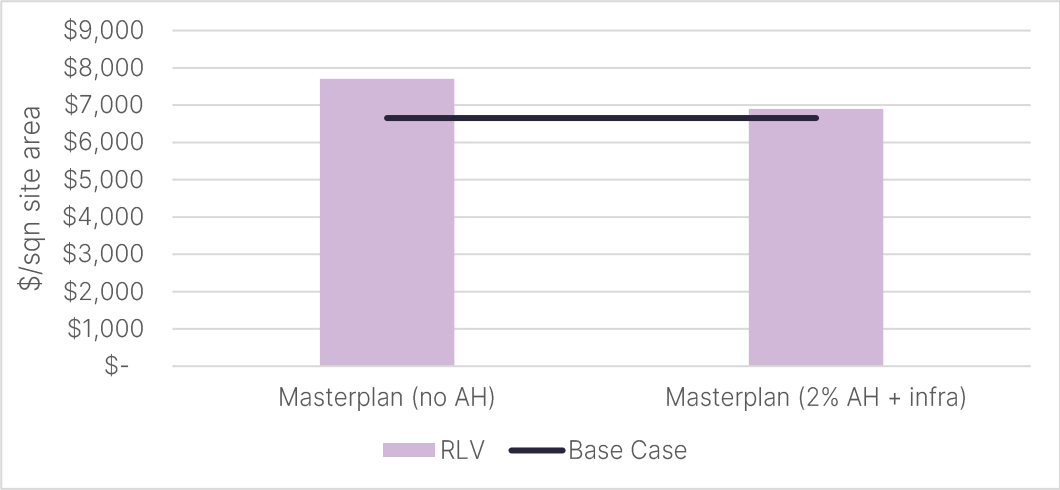
Source: Atlas

As **FIGURE 3-2** illustrates, development under the LMR controls results in a lower site value than the existing use values for all the tested sites. This suggests development under the LMR controls is not feasible, and the highest and best use of the sites under current planning controls is their existing use.

In the Base Case, the tested sites are therefore expected to remain in their existing use.

FIGURE 3-3 to **FIGURE 3-5** illustrate the capacity of various sites and developments to contribute to Affordable Housing. Each graph depicts the RLVs under the Masterplan (with and without Affordable Housing and infrastructure contributions) compared with the Base Case.

FIGURE 3-3: Site 1 (single dwellings and duplexes), Masterplan FSR 2.8:1



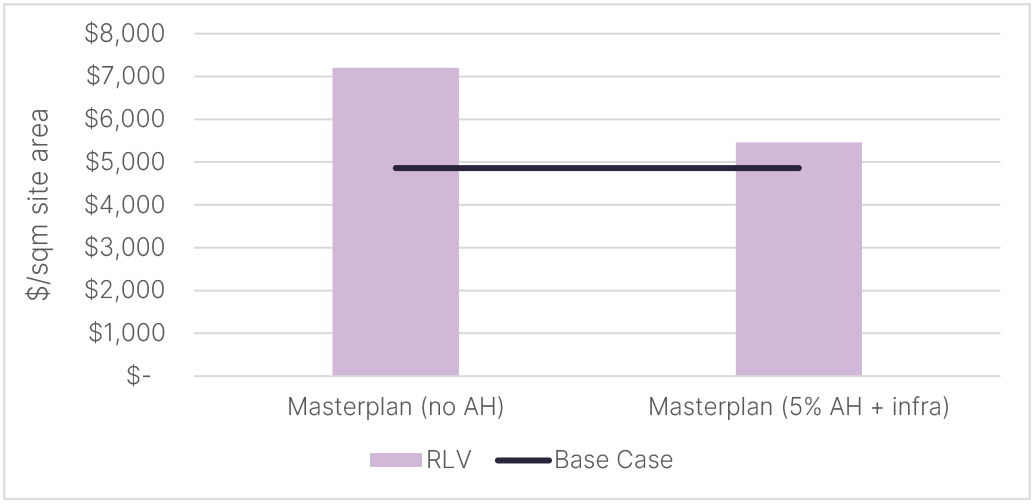
Source: Atlas

Site 1 comprises a mix of single dwellings and duplexes, with an average lot size of ~480sqm. The single dwellings are predominantly in aged condition, providing three bedrooms, one bathroom accommodation.

Feasibility testing indicates that development under the Masterplan controls is feasible, resulting in a residual land value that is higher than its existing use value in the Base Case.

Overall, Site 1 can contribute **2% Affordable Housing** after on-site infrastructure provision is made.

FIGURE 3-4: Site 2 (single dwellings, strata dwellings, medical centre), Masterplan FSR 2.9:1



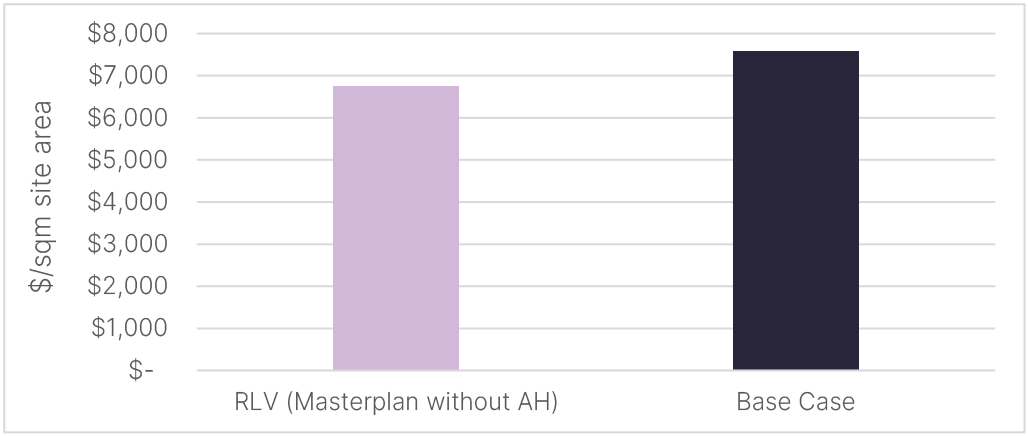
Source: Atlas

Site 2 comprises a mix of single dwellings, aged strata dwellings and non-residential uses. Development under the Masterplan controls results in a site value uplift of nearly 50% compared to its existing use value in the Base Case. At the tested FSR 2.9:1, development can contribute **5% Affordable Housing** after infrastructure provisions are made.

Notably, Site 2 comprises a comparatively larger average lot size of ~550sqm. Whilst it includes strata properties, which generally reflect a higher cost of consolidation, these are two older-style apartments. Therefore it requires less intensive consolidation.

Furthermore, the non-residential use reflects a small medical centre on a large, ~950sqm lot. The value of the existing improvements relative to the site area reduces the overall cost of land on a per sqm basis.

FIGURE 3-5: Site 3 (single dwellings), Masterplan FSR 2.4:1



Source: Atlas

Site 3 comprises four single dwellings, with lot sizes ranging from ~410sqm to 440sqm. Of the tested sites, Site 3 comprises the smallest average lot size at 430sqm (compared to 480sqm for Site 1 and 550sqm for Site 2).

Development under the Masterplan controls **is not feasible**, even before any Affordable Housing contributions are made. Site 3 is not subject to any on-site infrastructure provision. Its site value in the Base Case is higher than the residual land value under the Masterplan controls, suggesting that the site is more valuable in its existing use, and Masterplan controls are not attractive enough to incentivise take-up. There is no capacity for Site 3 to make Affordable Housing contributions.

Whilst Site 1 and Site 3 both include single dwellings, the overall cost of land for Site 3 is higher, driven by the inclusion of higher value dwellings and smaller lot sizes. Whilst single dwellings in Site 1 reflect single storey, aged dwellings with 3 bedrooms and 1 bathrooms; Site 2 includes dwellings which are double-storey and with two bathrooms/ renovated condition.

This demonstrates the implications of higher value uses on development feasibility, and the inverse relationship between lot size and the cost of land.

Whilst the cost of land is higher than Sites 1 and 2, the Masterplan density of Site 3 is lower and insufficient to offset the high cost of land, even before Affordable Housing contributions are made.

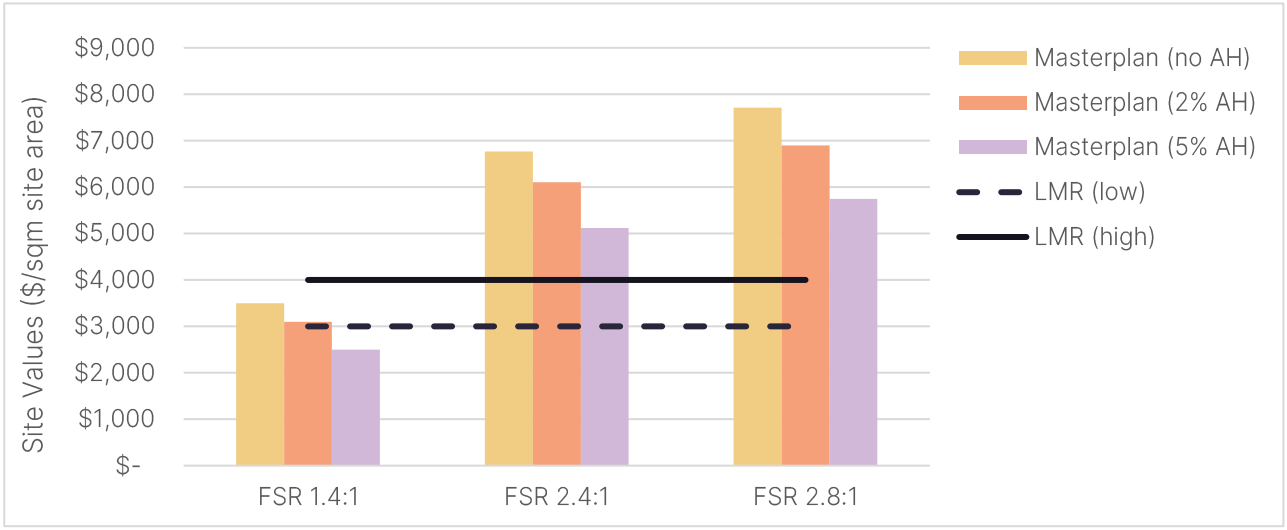
AGGREGATION OF FINDINGS

The LMR controls apply in parts of the Precinct, specifically permitting density of up to FSR 1.5:1. The LMR controls do not have an affordable housing requirement. In order for take-up of the Masterplan to occur, the proposed planning controls under the Masterplan would need to ensure they (the Masterplan controls) even with affordable housing and infrastructure requirements are more attractive than the current controls (including LMR controls).

FIGURE 3-2 indicates that in the case of the three tested sites, the LMR controls (at FSR 1.5:1) are not more attractive that the three sites' existing use. Higher densities are required to displace the existing uses for development.

FIGURE 3-6 compares RLVs under the LMR controls against the Masterplan controls at various densities and Affordable Housing contribution rates. This enables observations to be made on the attractiveness of the Masterplan controls (with affordable housing contributions) compared to LMR controls.

FIGURE 3-6: RLVs under Masterplan Controls (at varying AH rates) v LMR Controls



Source: Atlas

Key observations can be made:

- There is a direct relationship between density and RLV, whereas there is an inverse relationship between affordable housing requirements and RLV.
- At FSR 1.4:1, the RLV under the Masterplan controls is lower than the upper range of RLVs under the LMR controls – even before Affordable Housing contributions are made. At higher FSRs (2.4:1 and 2.8:1), the RLVs under the Masterplan controls are higher than the LMR controls, even after Affordable Housing contributions.
- Where Masterplan densities are higher than the LMR controls, whether the Masterplan is feasible depends on site-specific characteristics. In particular, if the site values under the Masterplan are more valuable that the value of the existing uses.

Affordable housing policy settings therefore have to balance the attractiveness of Masterplan controls (with an affordable housing requirements) against the LMR controls (no affordable housing requirement) and the value of a property remaining 'as is'.

3.4 Implications for PRCUTS Stage 2 Precinct Planning

The findings of the Study have the following implications for Affordable Housing contributions. Sites with greatest capacity to make an Affordable Housing contribution are where:

- Cost of land is lower. This includes single dwellings on larger allotments, and if large non-residential sites are available which require less intensive consolidation.
- Development densities are higher, including higher FSR controls and taller building heights.

  Generally, a higher range of apartment prices is achievable within taller buildings. This is attributed to views from elevated positions and associated price premium. In the Precinct, taller buildings (>10 storeys) could conceivably have views towards the water and/or Sydney CBD. This enables higher sale price rates to be achieved which contributes to development feasibility. This includes greater capacity for Affordable Housing contributions.

Overall, the findings indicate that a development's capacity to contribute to Affordable Housing is influenced by several factors, including lot patterns and existing uses. As the Study demonstrates, sites with smaller lot patterns can be more costly to consolidate, and would require higher densities to offset the cost of land.

OPPORTUNITY FOR AFFORDABLE HOUSING CONTRIBUTIONS IN THE PRECINCT

MASTERPLAN CONTROLS V LMR CONTROLS

The Masterplan densities differ in Kings Bay West and Kings Bay East. In Kings Bay West, Masterplan FSRs are from 1.8:1 to 2.9:1 – higher than the densities permitted under the LMR controls (FSR 1.5:1). This would preference take-up of the Masterplan controls over the LMR controls if development of a site results in a higher site value than the existing use values. There would be potential for Affordable Housing contributions.

In Kings Bay East, Masterplan densities are lower and range from 1.4:1 to 2.4:1. In areas where Masterplan densities are lower than the LMR controls, take-up of the Masterplan is unlikely, and there will therefore be no opportunity to collect Affordable Housing.

OPPORTUNITY FOR AFFORDABLE HOUSING CONTRIBUTIONS

In Kings Bay West, where the Masterplan densities are higher than the LMR controls, there could be opportunity for development to contribute at least 2% to Affordable Housing. This is subject to successful site consolidation.

In Kings Bay East, Masterplan FSRs are lower, ranging 1.4:1 to 2.4:1. Proposed building heights are also lower and range from 4- to 6- storeys. The LMR controls do not apply along Parramatta Road; therefore site values under the Masterplan controls only 'compete' with existing use values.

Whilst the lower Masterplan densities may not be sufficient to displace higher value uses, including renovated properties on smaller lots (e.g. Site 3), there is opportunity for take-up of the Masterplan controls where existing use values are lower.

The Study accordingly recommends Affordable Housing contributions are required in the Precinct at:

- A 2% contribution rate where Masterplan FSRs are above 1.6:1 as a base requirement.
- No contribution rate where Masterplan FSRs are below 1.6:1.

Where lot size patterns are smaller and more intensive site consolidation is required, the capacity to contribute to Affordable Housing may be lower than the broad-based rate of 2%. In those circumstances development may not be immediately forthcoming.

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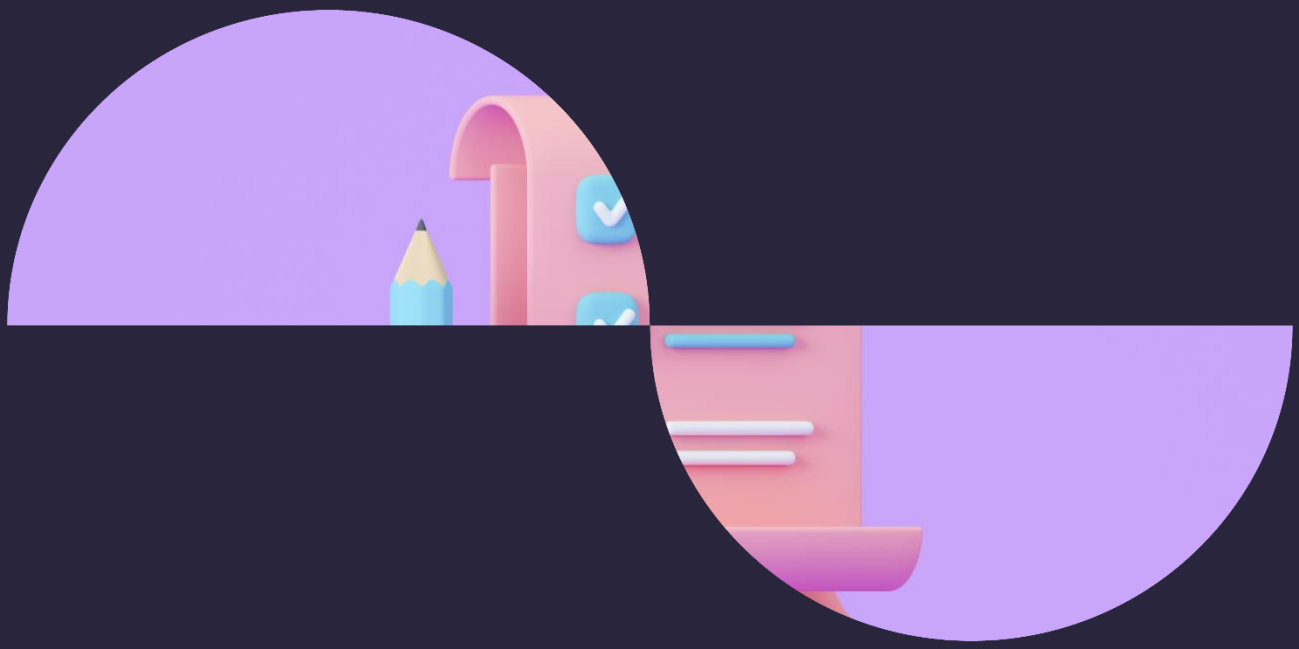
Schedules



Beyond the
horizon thinking.

SCHEDULE 0

Analysis of Market Activity

Development Site Sales

An analysis of development site sales indicates the prices the market could be willing to pay for a development opportunity.

TABLE S0-1: Development Site Sales, Five Dock

ADDRESS	SITE AREA (ZONE)	DEV. TYPE	FSR (GFA)	SALE PRICE (SALE DATE)	ANALYSIS ($/SQM GFA)
129-153 Parramatta Rd, 53-75 Queens Rd	31,200sqm (MU1)	MXU	3:1 (93,600sqm)	$260m (Aug 2023)	$2,780
Amalgamated site marketed as a mixed use development site, with a concept scheme for 4 towers incl. over 1,000 apartments. Sold tenanted, improved with industrial uses. Proposal is a build-to-rent development in early planning stages.					
52-56 Ramsay Rd	1,670sqm (MU1)	MXU	2.5:1 (4,175sqm)	$13.8m (Apr 2022)	$3,310
Amalgamated site comprising 3 aged RFBs sold in-one-line within the Five Dock Town Centre. Proposal is a 4-storey apartment complex with ground floor retail.					
195-199 Great North Rd	1,150sqm (MU1)	MXU	2.5:1 (2,870sqm)	$9.4m (Jun 2018)	$3,270
Main retail strip location. Three lots sold in-one-line. Appears to be an off-market transaction without development consent. Development comprises a 5-storey apartment complex including ground floor retail.					

Source: various

There has been a dearth of development site sales transacted in recent years; though the prices paid fall within a relatively 'tight' range of $2,800/sqm to $3,300/sqm GFA.

End Sale Values

A review of residential unit sales activity indicates the prices that could be achieved on completion of new residential development in the Precinct. Developers' expectations of the prices that could be achieved on completion of new development are a critical factor in the market's evaluation of development opportunities.

There are few new apartment projects being progressed in the Canada Bay LGA. Modern apartments are generally located on the south side of Parramatta Road, with building storeys mostly ranging up to 10 storeys.

TABLE S0-2 summarises sales activity of notable off-the-plan apartments in the Canada Bay and Burwood LGAs.

TABLE S0-2: Sales Activity of Notable Apartment Projects, Canada Bay and Burwood LGAs

ADDRESS	NO. OF STOREYS	UNIT TYPE	AVG. INTERNAL AREA (SQM)	SALE PRICE	ANALYSIS ($/SQM INTERNAL AREA)
'The Halston' 25 George St, North Strathfield	6	1b	50	$735,000 to $850,000	$14,700 to $17,000
		2b	75	$980,000 to $1,100,000	$13,100 to $14,500
		3b	100	From $1,300,000	From $13,400
		4b	125	From $1,700,000	From $13,600
'Bridge Road Residences' 3-5 Bridge Rd, Homebush	10	1b	55	$690,000 to $740,000	$13,800 to $13,300
		2b	77	$890,000 to $985,000	$11,900 to $12,500
		3b	95	$1,010,000 to $1,085,000	$10,600 to $11,400
'Victoria Place' 28 Victoria St, Burwood	40	1b	55	$880,000 to $1,280,000	$16,300 to $22,900
		2b	78	$1,450,000 to $2,100,000	$18,800 to $26,600
		3b	99	$2,200,000 to $2,600,000	$22,700 to $26,000

Source: various

Overall, off-the-plan apartment prices range from $10,600/sqm to $26,600/sqm of NSA. The lower range of values reflects the 'Bridge Road Residences' development ($10,600/sqm to $13,800/sqm), which is situated on the southern side of Parramatta Road, close to light industrial uses and offering lower levels of amenity. Additionally, 'The Halston' in North Strathfield reflects a mid-rise building (6 storeys).

The higher range of values ($16,300/sqm to $26,600/sqm) reflects a 40-storey premium development 'Victoria Place' in Burwood.

Generally, taller developments achieve higher residential end sale values, as demonstrated by sale prices achieved in 'Victoria Place' in Burwood. The development conceivably provides unobstructed views of the Sydney skyline and harbour bridge. It also benefits from its amenity-rich location.

The tested scenarios include a range of building storeys, from 6-storey to 12-storey buildings. Feasibility testing has adopted revenue assumptions from $16,000/sqm to $18,000/sqm net saleable area (**NSA**).

Existing-use Values

A selection of recent sales activity is provided in **TABLE S0-3**. This assists with assumptions made on the cost of land for sites selected for feasibility testing.

TABLE S0-3: Recent Sales Activity, Five Dock

ADDRESS	SITE AREA (SQM)	SALE PRICE	SALE DATE	$/SQM SITE AREA	DESCRIPTION
Residential					
27 Norman St	460	$2,890,000	Oct 2025	$6,260	S/s dwelling with 2 bedrooms and 1 bathroom. Basic finishes. Close to Rodd Point.
33 Arlington St	420	$2,800,000	Oct 2025	$6,720	S/s dwelling with 2 bedroom and 1 bathroom. Partially updated.
470 Lyons Rd	370	$2,025,000	Jul 2025	$5,430	Older style s/s duplex with 2 bedrooms and 1 bathroom.
29 Henley Marine Dr	400	$3,220,000	Jun 2025	$7,970	2/s brick dwelling with 4 bedrooms and 2 bathrooms. Basic finishes. Close to Rodd Point.
17 Taylor St	500	$2,365,000	Apr 2025	$4,730	Subject property. S/s updated dwelling with 3 bedrooms and 2 bathrooms. Well presented.
18 Arlington St	360	$2,400,000	Mar 2025	$6,610	S/s brick dwelling with 3 bedrooms and 2 bathrooms. Mostly original.
35 Harris Rd	210	$2,350,000	Jan 2025	$11,190	Modern 2/s duplex with 3 bedrooms, 2 bathrooms and single garage.
2/20 Kings Rd	-	$1,005,000	Sep 2025	-	Older style apartment with 2 bedrooms and 1 bathroom, within 2/s building.
2/63 Garfield St	-	$920,000	Mar 2025	-	Updated apartment with 2 bedrooms and 1 bathroom, within older style complex.
8/30 Ramsay Rd	-	$820,000	Feb 2025	-	Older style apartment with 2 bedrooms and 1 bathroom.
Non-Residential					
112 Queens Rd	360	$3,938,000	Mar 2025	$11,000	Light industrial office
6 Regatta Rd	410	$3,200,000	Nov 2024	$11,000	2/s light industrial

Source: various

A review of residential sale prices indicates single dwelling prices are equivalent to approximately $4,700/sqm to $8,000/sqm of improved site area. Generally, higher sale prices reflect dwellings on the eastern part of Five Dock close to the Parramatta River, or those in updated condition.

Smaller dwellings (e.g. duplexes) reflect a higher range of sale prices of up to $11,200/sqm of improved site area. The sales analysis demonstrates the inverse relationship between lot size and cost of land – the smaller the lot size, the higher the property value (per sqm of site area).

There is a dearth of non-residential sales in Five Dock in the last 6-12 months. Analysis of available sales evidence indicates prices equivalent to approximately $11,000/sqm of site area (equivalent to $7,000/sqm to $12,500/sqm of lettable area) for non-residential property in Five Dock.

SCHEDULE 1

Generic Feasibility Modelling Assumptions

Notional development scenarios are prepared for the purposes of testing the feasibility of the sites selected and their capacity for affordable housing contributions.

Notional development yields developed for the purposes of feasibility testing are shown in **TABLE S1-1**.

TABLE S1-1: Notional Development Typologies

TYPOLOGY	FSR	NON-RESIDENTIAL FSR	RESIDENTIAL FSR
RESIDENTIAL FLAT BUILDING	1.4:1	-	1.4:1
	2.4:1	-	2.4:1
	2.8:1	-	2.8:1
MIXED USE (SHOP TOP HOUSING)	2.9:1	0.5:1	2.4:1

Source: Atlas

TABLE S1-2 illustrates the adopted unit mix and unit sizes adopted in the feasibility testing. An efficiency ratio of 85% to gross floor area (GFA) is adopted.

TABLE S1-2: Unit Mix and Average Unit Sizes

UNIT TYPE	UNIT MIX	NET SALEABLE AREA (SQM)	GROSS FLOOR AREA (SQM)
1-BEDROOM	20%	51	60
2-BEDROOM	60%	72	85
3-BEDROOM	20%	94	110
TOTAL (WEIGHTED)	100%	72	85

Source: Atlas

The Study adopts average end sale values and cost assumptions based on market research and analysis.

REVENUE ASSUMPTIONS

Average end sale values are adopted based on property market research. Notional schemes were prepared according to the Masterplan planning controls (FSRs). This includes RFBs and mixed-use developments.

Based on an average unit size of 95qm GFA, a range of residential end sale values are adopted:

- Up to 6- storeys: $16,000/sqm to $17,000/sqm of NSA
- Up to 10- storeys: $16,000/sqm to $18,000/sqm of NSA
- Up to 12- storeys: $16,000/sqm to $18,000/sqm of NSA

Other revenue assumptions:

- Non-residential revenue of $12,000/sqm of Net Lettable Area (NLA)

GST is included on the residential sales.

- Transaction costs of 5.5% on land acquisition costs.
- Selling costs of 2.5% of gross revenue.

COST ASSUMPTIONS

- Residential construction cost assumed to increase with building heights. This is assumed at 115% (grossed-up from GFA):
  - Up to 6- storeys: $4,250/sqm
  - Up to 10- storeys: $4,500/sqm
  - Up to 12- storeys: $4,500/sqm

- Balconies are assumed at $1,000/sqm; Basement carparking at $70,000 per car space.
- Non-residential construction cost at $3,500/sqm (grossed-up at 115% from GFA).
    - Delivery of on-site infrastructure (i.e. through-site links) at $1,000/sqm of site area.
- Construction contingency at 5%.
- Professional fees and application fees at 10% of construction costs.
- Affordable Housing contributions: $11,422/sqm residential GFA (median strata dwelling price at the time of writing).
- Statutory fees:
    - DA and CC fees at scheduled rates.
    - Long service levy of 0.25% of construction costs.
    - s7.11 contributions based on Council's 2025 fees and charges guidelines.
    - Housing and Productivity contributions at $10,812/dwelling.
    - Water infrastructure charges at $834/ET from July 2026. This is assumed to be equivalent to $667/dwelling, based on a unit conversion rate of 1 ET per 0.8 apartment.
- Finance costs: 100% debt funding at interest capitalised monthly at 6% per annum.

HURDLE RATES AND PERFORMANCE INDICATORS

- Target hurdle rates are dependent on the perceived risk associated with a project (planning, market, financial and construction risk). The more risk associated with a project, the higher the hurdle rate.
- The key hurdle rate assumed for the feasibility modelling is the profit/ development margin at 20%.

If the resulting profit is sufficient to meet the target profit margin, the development is considered financially feasible.

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