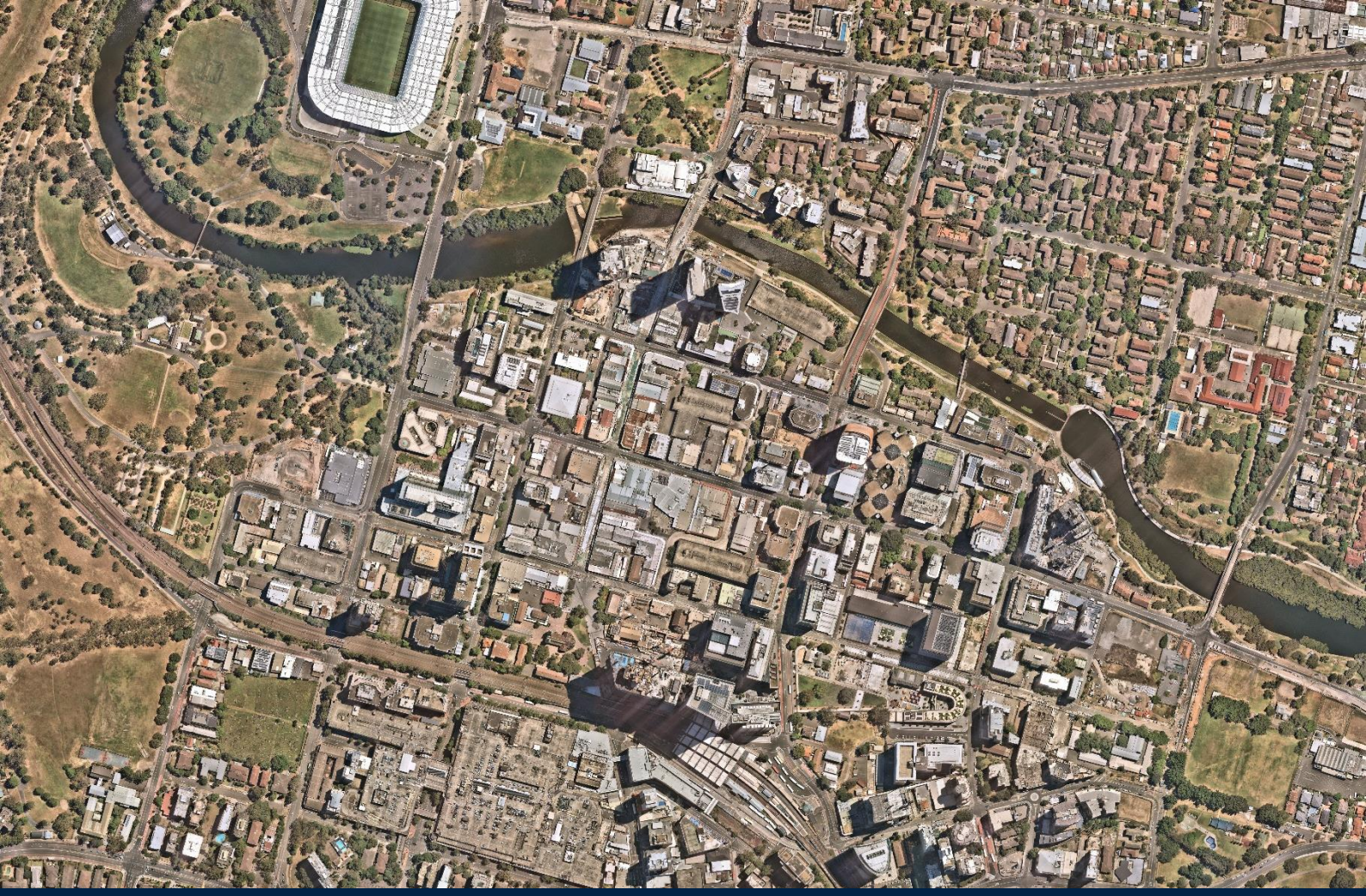


Parramatta CBD Contributions Framework Review Feasibility Testing

Prepared for City of Parramatta

July 2021

savills

Contents

1. Introduction

The City of Parramatta has prepared and exhibited the Parramatta CBD Planning Proposal ('Planning Proposal'). The Planning Proposal recommends a new draft land use planning framework for the Parramatta CBD and seeks to amend the planning controls for the Parramatta CBD contained in the *Parramatta Local Environmental Plan (LEP) 2011*. The Planning Proposal will support the delivery of approximately 46,000 new jobs and 15,000 new homes in the Parramatta CBD over the next 40 years.

In its approval for Council exhibiting the Parramatta CBD Planning Proposal, the Department of Planning, Industry and Environment (DPIE) requested Council review its infrastructure funding approach. DPIE also set a Gateway determination condition, which required Council to consider a funding mechanism to support the provision of community infrastructure - such as the preparation of a new Section 7.11 contributions plan or a potential increase to the 3% contribution under the current Section 7.12 contributions plan.

Council is reviewing the infrastructure funding framework for the Planning Proposal in-line with the DPIE's requirements. In undertaking the review, Council is considering options to potentially increase the current Section 7.12 developer contribution which are currently set at 3% of construction costs. The approach recognises that changes in land use planning controls that increase development densities increase residential and workforce populations, and therefore increase the demand placed on existing local infrastructure such as child-care centres, community and cultural facilities, roads and drainage, open space and recreation facilities, etc. To address the demand from the additional population growth, Council needs to provide new or augment existing local infrastructure in response to that growth; and ensure the new development reasonably contributes towards the costs of that infrastructure through the development contributions system.

The City of Parramatta engaged Savills to prepare feasibility testing on changing the Section 7.12 developer contribution, particularly to establish a contribution rate which could be charged before adversely impacting development feasibility.

Council requested Savills test two scenarios being:

- a commercial development (ground floor retail and upper floor offices); and,
- a mixed-use residential development (ground floor retail and upper floor residential apartments).

Council also requested advice on the impact of increasing the Section 7.12 contribution either immediately or over a period of time.

2. Background and Feasibility Approach

2.1. Infrastructure contributions and development feasibility

The recent review of the infrastructure contributions system by the NSW Productivity Commissioner notes infrastructure contributions are "*a tool to allow planning authorities to collect contributions towards the infrastructure needed to support development of new and growing communities. Local contributions should be used to fund development-contingent costs; that is costs that would be avoided if a development did not go ahead.*"

Property developers pay infrastructure contributions to the State Government and Councils, helping with the cost of providing the infrastructure needed in response to the demands placed on existing local and regional infrastructure incurred by increased residential and workforce populations. The infrastructure contributions are utilised to fund new and augment existing facilities such as footpaths, cycleways, roads, parks, stormwater drainage and other social and community facilities. Contributions are collected using a suite of tools, including State infrastructure contributions, planning agreements and local Section 7.11 and Section 7.12 contributions.

2.2. Feasibility approach

There are two approaches for testing the feasibility of the hypothetical development:

1. **The site value approach** – this involves comparing a (a) benchmark site value for the property based on existing planning controls and the existing use with (b) the residual land value (RLV) with new planning controls. The RLV is calculated by deducting all the costs of the development from the sales revenues in the current market. A feasible / viable development will support a RLV at a level sufficiently above the site's current use value to support a land acquisition price acceptable to the landowner (i.e. a benchmark site value). In a situation without developer contributions, the maximum value of a development opportunity would be the residual land value of the site with the proposed planning permission after development profit and all development expenses have been deducted from the gross realisable value of the proposed scheme. In this situation, if this value was above the benchmark site value, landowners are more likely to release a site for development. The residual land value (without any developer contributions and assuming planning permission is in place) and benchmark site value represent the parameters within which to assess the level of any planning obligations / required developer contributions. Any planning obligations imposed will need to be paid out of this uplift but cannot use up the whole of this difference, other than in exceptional circumstances, as that would remove the likelihood of the land being released for development.
2. **The developers return approach** - when a developer's return is adopted as the benchmark variable, a project is considered viable, as long as the cost implications of developer contributions are not set at a level at which the developer's return (after allowing for all development costs) falls below that which is acceptable in the market for the risk in undertaking the development scheme. If the cost implications of the obligations erode a developer's return

below an acceptable market level for the scheme being assessed, the extent of those obligations will be deemed to make a development unviable, as the developer would not proceed on that basis.

Savills tested both approaches for this report, as the existing use on a hypothetical site is unknown and the market values for some sites that are zoned B4 mixed use are already reflecting residual land values which could be achieved when the Parramatta CBD Planning Proposal is approved.

Savills used Estate Master, which is the primary property development feasibility software used in the property industry to prepare and run the feasibility models.

The modelling follows the approach of creating a development feasibility adopting all the costs and revenues associated with the nominated hypothetical development.

The cash flow for the hypothetical development is calculated and discounted to determine the development's net present value. The discount rate applied seeks to reflect the level of risk in the project and market practice. The primary key performance indicators that can be used to determine project viability are:

- Net present value (NPV) – This is the value of the forecast project cash flow today given the project risk. A positive NPV implies that the development is feasible as the internal rate of return (IRR) is expected to exceed the required or target IRR (discount rate to discount the future cash flow to its present value).
- Internal Rate of Return (IRR) – This is the discount rate where the Net Present Value equals zero. Where a development generates an IRR higher than a developer's target IRR the development is feasible.
- Development Margin (DM) – This is profit divided by total development costs. Profit is all revenues less all costs including interest on finance. For shorter projects (up to 2 -3 years duration) a development is feasible if the development generates a development margin higher than the developer's target development margin.
- Residual Land Value (RLV) - The maximum amount a developer can pay for the purchase of land which is calculated from the value of the completed development minus the costs of development (including profit). In financial viability assessments of planning policies a contribution is viable if the residual land value exceeds a benchmark land value.

Our approach to calculating the benchmark site values was to determine 'existing use values / as is' values for a range of potential existing uses (see Section 2.5).

2.3. Feasibility inputs

Table 1 shows the inputs that City of Parramatta requested were adopted in the feasibility.

Table 2 shows Savills assumptions on the potential infrastructure contributions to be applied by the State Government. Savills notes these may be subject to change.

Further details on other inputs used are provided in the Appendix.

Table 1 – Parramatta City Council Feasibility Inputs

Inputs Summary	Office	Mixed Use (Residential)	Comment
Development Site Area	2,000 m^2	2,000 m^2	-
Existing Site Improvements	4,000 m^2	4,000 m^2	-
Existing Site Floor Space Ratio (FSR)	3.5:1	3.5:1	-
Development Yield (Future Floor Space Ratio)	20,000 (FSR 10:1)	20,000 m^2 (FSR 10:1)	(a) The commercial development has 2,000 m^2 Gross Floor Area (GFA) of retail space and 18,000 m^2 GFA office space. (b) The mixed use (residential / retail) development has 2,000 m^2 GFA of ground floor retail and 18,000 m^2 GFA of residential space in upper levels (c) Note Savills also tested FSRs of 12:1 and 15:1
Unit mix and size	N/A	• Studio: 10% at 52 m^2 internal area • 1 bedroom: 25% at 60 m^2 internal area • 2 bedrooms: 60% at 80 m^2 internal area • 3 bedrooms: 5% at 100 m^2 internal area	
Average Gross Floor Area (GFA) per unit	N/A	Average 87 m^2 GFA per unit across all residential levels	
Car parking	All required on-site parking is to be in a basement.		
Project Discount Rate (target IRR)	18% to 20%	18% to 20%	See Section 2.4 for further details on published evidence and rates adopted.
Developer's Target Development Margin	22%	22%	

Table 2 – Assumptions regarding State Government Infrastructure Contributions		
Inputs Summary	**Rate**	**Comment**
Regional Infrastructure Contributions - Residential	$10,000 per apartment	Based on Recommendation 5.1 in the Review of Infrastructure Contributions: https://www.productivity.nsw.gov.au/infrastructure-contributions-review
Regional Infrastructure Contributions – Retail	$35 per square metre (internal floor area)	
Regional Infrastructure Contributions - Commercial	$25 per square metre (internal floor area)	
Transport Infrastructure Contribution	$5,000 per dwelling (minimum)	Based on Recommendation 5.3 in the Review of Infrastructure Contributions: https://www.productivity.nsw.gov.au/infrastructure-contributions-review

*A Transport Infrastructure Contribution of $5,000 per dwelling was adopted for the purpose of undertaking this feasibility analysis. Savills notes that the NSW Productivity Review of Infrastructure Contributions states this rate is considered a **minimum** contribution charge. A 2015 Media Release on the Parramatta Light Rail indicated a charge of around $200 per residential GFA was being considered.

For the purpose of this feasibility analysis and to remain consistent with the Review of Infrastructure Contributions Review by the NSW Productivity Commission[1], Savills have assumed that any potential state infrastructure contribution charge is incurred at the occupation certificate stage.

2.4. Developer return assumptions

There are a limited number of published studies on the rates of return expected in the property development industry. However, both Moorhead (2019)2 and Hill (2005)3 present the results of surveys of Australian developers with similar findings.

Moorhead (2019) presents the results of a survey of 249 property developers in Australia across a range of asset classes. The survey found the median target internal rate of return for property developers, at the feasibility stage of the development process, was 20%, with a range of 10% to 30%. The survey found the average minimum internal rate of return for residential developers was 19.58% and for commercial developers the average minimum internal rate of return was 15.67%. The survey also found the average development margin required was 20% of total construction costs.

Hill (2005) interviewed over twenty large developers and found for larger projects they use a target internal rate of return of:

- 16%-18%: for relatively low risk developments such as where financial risk is minimised by either off the plan sales / large pre-commitments or demand is exceeding supply and planning risk is minimised as the scheme is compliant with current planning controls
- 18%-22%: This is the general discount associated with property development with the lower

[1]https://www.productivity.nsw.gov.au/sites/default/files/20202/Final%20Infrastructure%20Contributions%20Review%20Report.pdf
2 Moorhead, M. 2019, Feasibility analysis in the pre-commitment stages of the property development process: An examination of uncertainty, risk and heuristic bias in management decision making processes during the pre-commitment stages of the property development process in Australia.
3 Hill, M, 2005, Pricing Mechanisms for Large, Phased Property Developments and Impact of Structure Deals on Price

end of range used for projects with planning approval and a detailed feasibility is in place.

- 22%-30%: Riskier projects such as larger scale projects, where there is planning risk, finance or occupier risks

While in Savills experience the required internal rate of return can reduce during a project and there can be differences between internal rates of returns between developers (Table 3), Savills has adopted the rates in Table 4 as a representative figure for a cross section of property developers in Parramatta for a project without a DA and with some uncertainty about the timing of changes in planning controls / contributions.

Table 3: Indicative Internal Rate of Return at different stages in a project

Project stage	Funds / REITs	Non REIT developers
Feasibility (no DA or contract)	Circa 15%+	Circa 20% - 25%
Planning (DA and contract in place)	Circa 13% - 15%	Circa 20%
Early construction (major pre-commitment / pre-sales and early construction)	Circa 12% - 13%	Circa 17% - 18%
Construction advanced with reduced risk of cost variation	Circa 10% - 12%	Circa 15%

Table 4: Hurdle rates adopted for feasibility testing in Parramatta CBD

Type of project	Internal Rate of Return	Development Margin
Residential / commercial	20% (with 18% tested)	22% (with 18% tested)

2.5. Benchmark Site Values

The existing use value / as is value of a site will be determined by the use on site. As the assessment is on a hypothetical basis Table 5 shows the assessed 'existing use' value of several uses.

Table 5: Existing use value of hypothetical 2,000 m2 site zoned B4 with an existing FSR of 3.5:1 in the Parramatta CBD planning proposal area

Current use	Income capitalisation	Direct comparison
Secondary Grade Office (7,000 m2 GFA)	$39,220,114 $8,171 m2 NLA	$46,480,000 $7,800 m2 - $8,800 m2
	Income capitalisation	**Direct comparison**
Residential Apartments	N/A	$42,840,000 (70 units x $612,000 per unit)
	Hypothetical development	Direct comparison
Development Site	$9,054,445 (RLV based on target DM) $9,233,843 (RLV based on target IRR)	$30,000,000 + with sites trading on future FSRs.

Mixed Use (Residential) feasibility modelling findings

Table 6 shows the results of the development feasibility on the mixed use (residential) scheme where the existing Section 7.12 contributions and new State Infrastructure Contributions apply.

Table 6: Residual land value of hypothetical 2,000 m2 site zoned B4 in Parramatta CBD planning proposal area under proposed CBD planning controls – 18,000 m2 residential and 2,000 m2 retail

Proposed FSR	Residual Land Value using a target IRR	Residual Land Value using a target DM
10:1	$31,064,453 (20% IRR) $33,784,103 (18% IRR)	$33,384,560 (22% DM) $35,211,037 (20% DM)
12:1	$38,259,167 (20% IRR) $41,544,847 (18% IRR)	$41,308,318 (22% DM) $43,502,220 (20% DM)
15:1	$49,051,231 (20% IRR) $53,185,958 (18% IRR)	$52,612,382 (22% DM) $55,347,077 (20% DM)

Comparing the results in Table 5 and Table 6 indicates that increasing the FSR for the hypothetical development site from 3.5:1 to 10:1 could theoretically increase the residual land value from $9,233,843 to $31,064,453 – which is $21,830,610. However, for developers that have purchased sites since the exhibition of the CBD Planning Proposal it is not possible to add this amount of cost to a project and for the project to be viable / feasible. Developers are paying well above the $9,233,843 due to (a) the existing use value and/or premiums required to secure a whole existing unit complex to redevelop and/or (b) an expectation of being able to develop to the new FSRs and heights in the CBD Planning Proposal, the capability of which increases in certainty as the CBD Planning Proposal progresses to imminent finalisation.

Table 7 shows the potential Section 7.12 contribution, based on inputting a benchmark land value, into the Estate Master Model and adding a charge until reaching the nominated return hurdle rate. Savills view is the Internal Rate of Return is the preferred indicator of performance and the following Section 7.12 contribution could be considered:

- 5.02% of construction costs for sites with an FSR of 10:1
- 5.65% of construction costs for sites with an FSR of 12:1
- 6.31% of construction costs for sites with an FSR of 15:1

Table 7: Potential section 7.12 contributions for mixed use / residential development in Parramatta CBD Planning Proposal area

Proposed FSR	Target IRR — 20%	Target DM — 20%
10:1	5.02% of construction costs	7.36% of construction costs
12:1	5.65% of construction costs	7.60% of construction costs
15:1	6.31% of construction costs	8.16% of construction costs

(a) Note the construction costs and construction program is assumed to increase at higher FSRs

2.6. Office feasibility modelling findings

The results of the office development feasibility at an FSR of 10:1 found that without State or Local contributions the hypothetical office development generates an Internal Rate of Return (IRR) of 22.5% and Development Margin (DM) of 27.08%.

Table 8 shows the potential section 7.12 charge, based on inputting a benchmark land value, into the Estate Master Model and adding a charge until reaching the nominated return hurdle rate. Savills view is the IRR is the preferred indicator of performance and the following section 7.12 charge could be considered:

- 4.19% of construction costs for sites with an FSR of 10:1
- 4.49% of construction costs for sites with an FSR of 12:1
- 4.59% of construction costs for sites with an FSR of 15:1

Proposed FSR	Target IRR -20%
10:1	4.19% of construction costs
12:1	4.49% of construction costs
15:1	4.59% of construction costs

(b) Note the construction costs and construction program are assumed to increase at higher FSRs

3. Implementation Timeframe

The City of Parramatta requested Savills provide advice on the difference between:

(a) staggering the implementation of an increased Section 7.12 developer contribution, and

(b) the immediate implementation of an increased levy.

Savills notes the original Infrastructure Funding Models Study[4] (prepared by GLN Planning in 2016) to support the Parramatta CBD Planning Proposal flagged a potential increase to the Section 7.12 contributions. Further, the provision of community infrastructure (quantified through value sharing rates of $150/sqm up to a Floor Space Ratio of 10:1, and $375/sqm above that) to achieve higher floor space yields under the Parramatta CBD Planning Proposal has been an integral part of the proposal for some years. These rates have been applied on a number of site specific planning proposals in the CBD. While we assume not all developers will have read the GLN report, Savills notes there is some awareness in the market-place of potentially higher charges (i.e. higher than 3%), particularly in light of the community infrastructure (value sharing) framework that has been in the public domain for some time (which has applied in addition to the current section 7.12 contribution rate of 3%).

Savills agree with GLN Planning in the Infrastructure Funding Models Study that in the short term, an *"additional contribution cost would either translate to either lower offers being put to landowners to acquire sites … or, alternatively, increase the need for developers to pursue a Planning Proposal to improve yields to offset the proportion contribution cost applied to the development that is permissible under the CBD Strategy to remain competitive in acquiring sites*". However, this conclusion applies to developers who purchase land today or have paid prices informed by the CBD Planning Proposal. In the event that developers have 'land-banked' for a period of time, development proposals in accordance with the CBD Planning Proposal are likely to achieve well above the viability benchmarks. This is due to the significant growth in values that has occurred since the CBD Planning Proposal was exhibited.

There are likely to be some sites that are within the floor space limits of the CBD Planning Proposal that could have marginal viability with higher charges, as they have paid an amount for their site based on the current 3% developer charge and the future FSR allowed. This could occur until there is a market adjustment to the underlying land values of development sites in the Parramatta CBD due to the increased contributions payable or prices / market conditions improve. Importantly, several Australian studies[5] have shown provision of new or augmented infrastructure (such as light rail and heavy rail) which will occur in the CBD increase property prices and land values around stations (up to 800 m and 1 kilometre from the station) and this could improve revenue forecasts compared to the feasibility run by developers in buying a site as market conditions improve.

Savills view is the 7.12 rates put forward in this report can be implemented in the short term, however we recommend Council also discuss the timing of proposed new State Government charges (Regional Infrastructure Contribution and Transport Infrastructure Contribution) with the State Government.

[4]https://s3.ap-southeast-2.amazonaws.com/hdp.au.prod.app.pcc-participate.files/8116/0005/5529/017_Appendix_17a_17b_17c_17d__17e_-_Infrastructure_Funding.pdf

5 Examples of relevant studies include Mulley, C., Tsai, C.-H.P., & Ma, L. (2018). Does residential property price benefit from light rail in Sydney? Research in Transportation Economics and LUTI Consulting (2020) Transit and Urban Renewal Value Creation Hedonic Price Modelling Assessment of Sydney's Key Transit and Transit-Oriented Urban Renewal Investments (2000–2019)

4. Conclusions

This report presents the results from feasibility modelling for a hypothetical development site to determine the potential Section 7.12 infrastructure contribution rates. The base feasibility modelling covers two development scenarios:

- office (18,000 m^2) and retail (2,000 m^2).
- residential (18,000 m^2) and retail (2,000 m^2).

The Section 7.12 contribution that can be charged on the hypothetical residential development is impacted by potential additional State Government infrastructure charges in Parramatta CBD.

The State Government recently accepted all recommendations in the NSW Productivity Commissioner's Review of Infrastructure Charges. This included the replacement of Special Infrastructure Contributions and the recommended introduction of two charges which are relevant in Parramatta:

- a broad based Regional Infrastructure Contribution of $10,000 per apartment, $35 per m^2 for retail and $25 per m^2 for commercial
- a Transport Infrastructure Contribution at a minimum of $5,000 per dwelling, with the rate contingent upon the costs and benefits from the delivery of transport projects.

4.1. Office and Retail Section 7.12 contribution rate

The feasibility analysis indicates that with a 10:1 Floor Space Ratio (FSR) there is scope to increase the Section 7.12 contributions for the hypothetical office development to **4.19%.**

4.2. Residential and Retail Section 7.12 contribution rate

Based on the inputs used in the feasibility at a 10:1 FSR the Section 7.12 contribution could be **5.02%** of construction costs, if the Section 7.12 contribution is charged at the occupation certificate stage. Using the Developer Margin or a lower Internal Rate of Return (less than 20%) the charge could potentially be higher.

The feasibility analysis indicates higher section 7.12 contributions could be levied for developments at 12:1 and 15:1 FSR even allowing for higher construction costs and longer programs.

Savills recommends that if Council increases the section 7.12 contributions, that the increase is announced as soon as possible and could be introduced in the short term. However, we also recommend Council discusses with the State Government the likely timing of new Regional Infrastructure Contributions and Transport Infrastructure Contributions.

5. Appendices

5.1. Feasibility inputs adopted

The following inputs are based on contemporary market conditions.

Table 5: Feasibility Inputs and Parameters			
Inputs Summary	**Office**	**Mixed Use (Residential)**	**Comment**
Land Purchase and Acquisition Costs			
Benchmark Site Value Price (10:1 FSR)	$30,000,000	$30,000,000	$1,500 psm of potential GFA based on comparable sales. Site sales are occurring based on the future expected FSR and not the current FSR.
Stamp Duty	$1,635,005	$1,635,005	2020/2021 State Government tax rate
DD & Legal Fees	0.30%	0.30%	of land price excluding tax (estimate)
Professional Fees			
Professional Fees	7.50%	7.50%	of construction costs inc GST (estimate)
Project Management / Development Management Fee	1.50%	1.50%	of Project costs (inc Land but exc Finance & tax) (estimate)
Base Construction Costs			
Retail - Ground Floor	$2,800	$2,800	psm GFA excluding GST - based on a blended rate from RLB Riders Digest, Rawlinsons Construction Costs, Napier-Blakely Rate Cards and Savills. Higher rates used for 12:1 and 15:1 as per RLB Riders Digest ratios.
Offices - Levels 1-9	$3,300 - $3,500	-	
Residential - Levels 1-9	-	$3,200 - $3,400	
Residential - balconies	-	$1,200	
Basement Parking	$1,500	$1,500	
Demolition Costs	$180	$180	
Construction Contingency	3.00%	3.00%	of construction costs including GST
Statutory Fees			
Long Service Levy	0.35%	0.35%	of construction costs
Construction Certificate Fees	$69,000	$69,000	Parramatta City Council - Schedule of Fees and Charges 2020/21
Development Application Fees	$110,862	$102,672	Parramatta City Council - Schedule of Fees and Charges 2020/21
Regional Infrastructure Contribution Transport Infrastructure Contribution			See Table 2

Inputs Summary	Office	Mixed Use (Residential)	Comment
Land Holding Costs			
Land Tax	$569,556	$569,556	per annum based on NSW 2021 land tax rates
Council Rates	$30,000	$30,000	per annum estimate
Water Rates	$8,000	$8,000	per annum estimate
Selling & Leasing Costs			
Retail Sale Commission	1% + GST	1% + GST	0.5% paid on exchange and the balance paid at settlement
Retail Lease Commission	13% + GST	13% + GST	% of rent
Office Sale Commission	1% + GST	n/a	0.5% paid on exchange and the balance paid at settlement
Office Lease Commission	13% + GST	n/a	% of rent
Residential Sale Commission	-	2% + GST	1.0% paid on exchange and the balance paid at settlement
Sales expenses including legal fees	1%	1%	of gross sales exc GST (estimate)
Sales			
Retail	$9,000	$9,000	per m^2Net Saleable Area exc GST
Office	$10,000	-	per m^2Net Saleable Area exc GST
Residential - studio	-	$598,000	per unit exc GST ($11,500 per m^2 NSA) – see the sales evidence in section 5.2
Residential – 1 bed	-	$660,000	per unit exc GST ($11,000 per m^2NSA) – see the sales evidence in section 5.2
Residential – 2 bed	-	$840,000	per unit exc GST ($10,500 per m^2NSA) – see the sales evidence in section 5.2
Residential – 3 bed	-	$1,025,000	per unit exc GST ($10,250 per m^2NSA) – see the sales evidence in section 5.2

Escalation Rates			
Cost Escalation	2.00%	2.00%	per annum estimate
Revenue Escalation	2.00%	2.00%	per annum estimate
Financing			
Land Loan	50% of land purchase cost	50% of land purchase cost	Interest rate of 6% p.a.
Construction Loan	70% of construction costs	70% of construction costs	Interest rate of 5% p.a. Application fee of 1% and establishment fee of 1%.
Parking			
Office / Retail (18,000 m2 office and 2,000 m2 retail)	40 spaces		Controls from exhibited Parramatta CBD Planning Proposal
Mixed use (Residential): Retail	4 spaces		Controls from exhibited Parramatta CBD Planning Proposal
Mixed use (Residential): Residential Studio	0.1 space per unit		Controls from exhibited Parramatta CBD Planning Proposal
Mixed use (Residential): Residential 1 bedroom	0.3 space per unit		Controls from exhibited Parramatta CBD Planning Proposal
Mixed use (Residential): Residential 2 bedrooms	0.7 space per unit		Controls from exhibited Parramatta CBD Planning Proposal
Mixed use (Residential): Residential 3 bedrooms	1.0 space per unit		Controls from exhibited Parramatta CBD Planning Proposal

5.2. Development Site Sales Evidence

14-20 Parkes Street, Parramatta	
Sale Price	$40,000,000
Sale Date	December 2017
Site Area	2,878m²
Zoning	B4 Mixed Use
Residential Unit Yield	326
Total GFA (sqm)	28,780m²
$/Unit Site	$122,699
$/psm Site Area	$13,898
$/psm GFA	$1,390
Comment	Slightly irregular shaped, dual fronted site to Parkes Street to the north and Kendall Street to the south. The site received Gateway approval for an amendment to the Parramatta Environment Plan to allow for a maximum FSR of 10:1 and a maximum building height of 122.5 metres. The residential unit yield been calculated by assuming an 85% building efficiency and an average apartment size of 75m² equates to an estimated development yield of 326 apartments.

135 George Street, Parramatta	
Sale Price	$60,000,000
Sale Date	15 March 2017
Site Area	3,153m²
Zoning	B4 Mixed Use
Residential Unit Yield	470
Total GFA (sqm)	50,315m²
$/Unit Site	$127,659
$/psm Site Area	$19,029
$/psm Total GFA	$1,192
Comment	A 3,153 sqm parcel positioned to the eastern side of the CBD and slightly south of the Parramatta River. Flat level parcel currently improved with the Albion Hotel. A Planning proposal has been submitted for the construction of development housing two buildings containing a total of 470 units, 575 sqm of retail space, 1,260 sqm of hotel and 1,480 sqm of community space. The apartments are configured as 133 x 1 bedroom, 335 x 2 bedroom and 2 x 3 bedroom.

295-309 Church Street, Parramatta	
Sale Price	$35,000,000
Sale Date	September 2017
Site Area	1,082m²
Zoning	B4 Mixed Use
Residential Unit Yield	220
Total GFA (sqm)	12,433m²
$/Unit Site	$159,090
$/psm Site Area	**$32,348**
$/psm Residential GFA	**$2,815**
Comment	An irregular shaped site located on the western side of Church Street approximately 700 metres north of Parramatta Train Station. The site was sold with Gateway approval with an approximate height limit of 150 metres with potential for 220 apartments.

Recent Parramatta Development Site Sales

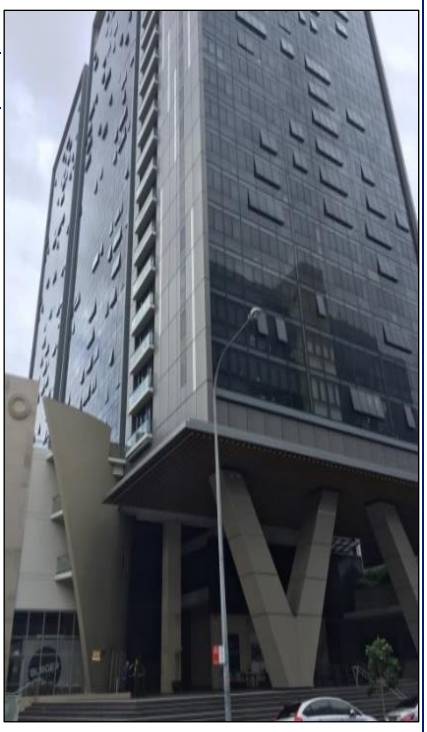
Property Address	Site Area (sq m)	Zoning	FSR	GFA (sq m)	Sale Price	Sale Date	$ / GFA
7 Charles & 116 Macquarie Street, Parramatta	1,926	B4	19	36,594	$75,000,000	Dec-19	$2,050
42-44 Dunmore Street, Wentworthville	9,600	B2	6	57,600	$63,400,000	Dec-19	$1,101
302 Church Street, Parramatta	778	B4	10	7,780	$15,600,000	Oct-19	$2,005
10 Phillip Street, Parramatta	753	B4	10	7,530	$8,900,000	Sep-19	$1,182
8-12 Sorrell Street, Parramatta	4,012	R4	6.9	27,683	$44,500,000	Jul-19	$1,607
55 Aird Street, Parramatta	658	B4	6.9	4,540	$7,500,000	Jun-19	$1,652
107 George Street, Parramatta	631	B4	10	6,310	$9,050,000	May-19	$1,434
189 Macquarie Street, Parramatta	5,186	B4	6	60,000	$41,000,000	May-19	$683
470 Church Street, Parramatta	1,629	B4	6.9	11,240	$24,500,000	May-19	$2,180
23 George Street, Parramatta	720	B4	10	7,200	$8,100,000	Dec-18	$1,125
87 Church Street & 6 GWH, Parramatta	3,308	B4	11.5	38,042	$54,000,000	Sep-18	$1,419
295 Church Street, Parramatta	1,075	B4	13	13,975	$35,000,000	Aug-18	$2,504
14-20 Parkes Street, Parramatta	2,878	B4	10	28,780	$40,000,000	Dec-17	$1,390
142 Macquarie Street, Parramatta	3,135	B4	10	31,350	$60,000,000	Mar-17	$1,914
				338,624	$486,550,000	AVERAGE	$1,437

5.3. New Apartments Sales Evidence

"The Lennox", 12 Phillip Street, Parramatta								
Launch Date	March 2017							
Number of Units	413							
Description	A 41 storey mixed use building containing a 3 storey podium accommodating ground floor retail tenancies of 540sqm including bar, restaurant & cafe, of approx. 2,085sqm, and a 1000 seat conference centre on level 2 of approx. 1,050sqm with an additional 1,715sqm back-of-house, balconies & break out space; 413 residential apartments in 38 storey tower above, configured as 20 x studio, 129 x 1 bedroom, 260 x 2 bedroom & 4 x 3 bedroom, with residential amenities level above the podium on level 3, including common meeting/lounge rooms, change rooms, large terrace & lap pool.							
Overall Summary	**Unit Type**	**Internal Min (m²)**	**Internal Max (m²)**	**Min Price ($)**	**Max Price ($)**	**Min Rate Internal ($/m²)**	**Max Rate Internal ($/m²)**	**Av Rate Internal ($/m²)**
	Studio	40	40	$495,000	$503,000	$12,375	$12,575	$12,475
	1 Bed	50	54	$559,000	$765,000	$11,180	$14,387	$12,730
	2 Bed 1 Bath	72	95	$756,000	$885,000	$10,597	$12,291	$11,067
	2 Bed	72	73	$884,000	$1,205,000	$10,919	$12,705	$11,888
	2 Bed+ Study	79	81	$950,000	$1,109,000	$12,025	$13,987	$12,649
	3 Bed	94	94	$995,000	$1,165,000	$10,585	$12,394	$11,152
	3 Bed Suite	144	144	$2,130,000	$2,130,000	$14,792	$14,792	$14,792

8 Phillip Street, Parramatta								
Launch Date	December 2016							
Number of Units	314							
Description	A 55 storey mixed-use apartment building located in the centre of Parramatta CBD, comprising of 35 levels of residential apartments, and 14 levels of 5-star designer QT Hotel accommodation. The apartments include a mix of studio, 1, 2 and 3 bedroom residences. The development is designed by Woods Bagot and includes outdoor entertainment areas, marble finishes and Miele appliances. Additionally, amenities such as the open-air pool, a spa, restaurants, and rooftop bar Studio 54 can be accessed via lifts within the building. Immediate surroundings to the development comprise of older commercial/office buildings, café and restaurants, and retail. The site is in walking distance to Parramatta River, Parramatta Park, and Westfield Parramatta (approximately 650m). Parramatta Train Station is approximately a 10 minute walk from the subject site. Additionally, various bus services are available throughout the Parramatta CBD.							
Overall Price Summary	**Unit Type**	**Qty**	**Internal Min (m²)**	**Internal Max (m²)**	**Min Price ($)**	**Max Price ($)**	**Min Rate Internal ($/m²)**	**Max Rate Internal ($/m²)**
	Studio	1	40	40	$508,000	$508,000	$12,700	$12,700
	1 Bed + Media	20	55	57	$630,000	$748,000	$11,455	$13,123
	1 Bed + Study	13	50	54	$610,000	$628,000	$11,630	$12,200
	2 Bed + Media	8	75	76	$906,000	$987,000	$12,080	$12,987
	2 Bed + Study	30	75	77	$885,000	$1,055,000	$11,800	$13,701
	3 Bed + Study	3	100	102	$1,350,000	$1,460,000	$13,500	$14,314
	Sub P/H Bed	1	96	96	$1,365,000	$1,365,000	$14,219	$14,219
	Sub P/H 3 Bed + Study	1	92	92	$1,555,000	$1,555,000	$16,902	$16,902
	P/H 3 Bed + Study	5	158	170	$3,002,000	$3,400,000	$19,000	$20,000

"V By Crown" 45 Macquarie Street, Parramatta								
Constructed	April 2017							
Number of Units	514							
Description	Located on Macquarie Street in the heart of the Parramatta CBD within close proximity of Parramatta Park. The subject will comprise a mixed use development providing 4 residential apartment towers (Buildings 1, 2, 3 & 4) ranging from 19 to 29 storeys situated above a 3 storey retail podium. Overall configuration provides 514 residential apartments, 72 serviced apartments, 2,952m² of commercial office space, 1,240m² of commercial retail space, a 448m² Archaeological Interpretation Centre, 665m² conference centre and 6 level basement car park. Designed by Allen Jack+Cottier, the apartments will are finished to a high level including stone tiled floors, stone and stainless steel kitchens with European appliances and high quality cabinetry. Bedrooms will include built-in robes and built in cabinetry, ducted air conditioning and video intercom. Common facilities include a 25 metre lap pool, sauna, gymnasium, theatrette, library, wine room and conference facilities.							
Overall price summary	**Type**	**Int Area (m²)**	**Ext Area (m²)**	**Car Spaces**	**Contract Price**	**Resale Date**	**Resale Price**	**$/m²**
	1 Bed	50.5	3	0	-	14/10/19	$545,000	$10,792
	2 Bed + Study	96	10	1	$870,000	19/7/18	$870,000	$9,063
	2 Bed	82	6	1	$677,000	3/7/19	$700,000	$8,536
	1 Bed + Study	58	22	1	-	July 2020	$600,000 - $650,000	$10,344 - $11,206
	1 Bed + Study	59	6	1	$509,000	4/6/18	$638,000	$10,814
	1 Bed	50	3	0	$564,000	27/2/19	$510,000	$10,200
	1 Bed	52	3	1	$460,000	19/10/19	$555,000	$10,673
	2 Bed	82	6	1	$590,000	8/1/18	$762,000	$9,710
	1 Bed	50	3	1	$485,000	3/12/19	$616,000	$12,320
	1 Bed	52	3	1	$532,000	6/6/19	$560,000	$10,769
	1 Bed	52	10	1	$524,000	26/03/20	$550,000	$10,577
	1 Bed	53	4	1	$595,000	16/4/19	$681,000	$12,849
	1 Bed + Study	58	4	1	$519,000	18/7/19	$580,000	$10,000
	1 Bed	51	3	1	$447,000	15/5/18	$563,000	$11,039



"Charles and George" – 180 George Street, Parramatta							
Launch Date	August 2019						
Number of Units	753						
Description	Construction of 58 and 66 storey mixed used buildings over a podium on the corner of George Street & Charles Street, comprising 2 new ground floor retail units, 5 levels of basement car parking for 640 vehicles, a child care centre, a commercial gym, 271 serviced apartments and 753 residential units. Amenities include a 1,000 sqm major supermarket, indoor pool, spa, sauna & gym and 1,200sqm podium garden with BBQ area. The apartments achieve high quality views across the metropolitan area and feature Bosch appliances, stone kitchen benchtops, frameless glass shower screens, floor to ceiling glass to living areas and high quality bathroom fittings.						
Overall Price Summary	**Unit Type**	**Internal Min (m²)**	**Internal Max (m²)**	**Min Price ($)**	**Max Price ($)**	**Min Rate Internal ($/m²)**	**Max Rate Internal ($/m²)**
	1 Bed	50	62	$502,000	$740,000	$10,040	$11,935
	1 Bed + Study	51	78	$543,000	$785,000	$10,064	$10,647
	2 Bed	71	90	$650,000	$1,020,000	$9,154	$11,333
	3 Bed	102	132	$1,087,000	$1,310,000	$9,924	$10,656

5.4. Office Sales Evidence

Address	Price	Sale Date	Yield	NLA (sqm)	$/sqm	WALE
2-10 Wentworth Street	$105,300,000	Dec-19	5.60%	10,940	$9,625	4.1
9 Wentworth Street	$64,300,000	Nov-19	5.60%	7,650	$8,399	3.5
1-3 Fitzwilliam Street	$80,000,000	Nov-19	5.60%	9,673	$8,270	2.9
80 George Street	$82,400,00	Oct-19	5.15%	8,093	$10,179	3.7
2-12 Macquarie Street	$415,000,000	Sep-19	6.50%	53,903	$7,699	4.2

5.5. Retail Sales Evidence

Address	Price	Sale Date	NLA (sqm)	$/sqm	Comment
43/37 Campbell Street	$870,000	Jun-19	81	10,741	Sold as an investment with an existing business in occupation
27/85 George Street	$850,000	Aug-20	98	8,673	Leased to existing tenant for $41,304 (gross)
62/48-50 George Street	$650,000	Oct-20	76	8,553	
2/27 Hunter Street	$650,000	Mar-21	66	9,848	Secured tenant on a 5-6% yield
35/181 Church Street	$850,000	Aug-20	84	10,119	
238 Church Street	$4,550,000	Aug-20	408	11,152	Acquisition by Sydney Metro
12/370-376 Church Street	$1,000,000	Jul-19	127	7,874	
2/411 Church Street	$800,000	Mar-20	80	10,000	
287 Church Street	$2,850,000	Jul-19	337	8,457	Comprised of two “eat street” retail shops, with two businesses in occupation
236 Church Street	$4,700,000	Nov-17	458	10,262	Sold vacant possession
1/5-7 Ross Street	$580,000	Apr-17	55	10,545	Sold with retail tenant occupying

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