Skyline Place – Stage 2

Seniors Housing Demand Analysis

PREPARED FOR PLATINO PROPERTIES

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FINAL

macroplan

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Executive Summary

Macroplan has been commissioned by Platino Properties (i.e. proponent) to look at the current and projected demand and supply for independent living units (ILUs) in the hinterland of the Frenchs Forest strategic centre. The report also assesses the social and economic impacts of the proposed site development.

Overall, the application seeks to develop the subject site for an over 55's Retirement community development encompassing **111 ILUs, 12 affordable housing units, 10 disability housing units** associated common areas for use by residents comprising; reception area, lounge rooms, entertainment areas, a swimming pool; and additional 1,000 sq.m of floorspace on the ground level for commercial / medical suites / health care related uses. The proposed development assist in providing new local employment opportunities and promoting industry diversification. **As demand for independent retirement living continues to expand strong in immediate future, the development will also complement the Council's vision and strategies for the Frenchs Forest precinct and the state-of-the-art Northern Beaches Hospital.**

The key take-outs are summarised below:

<u>A Review of Northern Beaches Housing Strategy Paper</u>

- Northern Beaches (LGA) population is projected to rise from 265,500 in 2016 to 288,400 in 2036, and 296,600 in 2041, These projections are DPIE projections and have been endorsed in the Northern Beaches Housing Strategy Paper (Strategy Paper).
- **Growth in the 3 years to 2019 in Northern Beaches (NB) has been higher than projected which reflects stronger than expected demand.** More recently, the COVID pandemic has seen the Centre for Population release projections for lower growth in Greater Sydney in 2020 and the next few years. **However, COVID's impact varies across locations, with sharply lower growth in inner areas dependent on international students. By contrast, outer locations with high quality amenities, such as Northern Beaches, have been positively impacted. If anything, the population projections may prove conservative.**
- A broad indicator of the strength of demand for living in the Northern Beaches has been rise in price of dwellings, and in particular the price premium (vs Sydney prices) for the area which has risen to over $200,000 for units and over $900,000 for houses in 2020.
- **In line with the projected population growth, the DPIE projections have the demand for private dwellings requiring an additional 12,000 dwellings between 2020 and 2036.** The Strategy Paper compares this demand with the potential supply given current planning rules and finds a shortage of 1,200 by 2036, which we note would rise substantially to 6,400 by 2041. If correct account is taken of the space that will be taken up by non-private dwellings (e.g. nursing homes), the shortfall will be marginally higher. **The Strategy Paper acknowledges this shortage requires changes to planning rules to accommodate that growth. The Paper estimates the additional stock which could be developed with desired changes in planning rules. In the case of the five strategic centres other than Frenchs Forest, envisaged changes could add 1700-3,400, that would still leave the market very tight in 2036 (leading to upward pressure on prices) and short when looking out to 2041.**

- A risk for the Northern Beaches Council is that to the extent that sites that are developed in the near future are under-utilised, since many of these sites are same ones which would be targeted by rule changes, the capacity to address the looming shortfall will be made more difficult. In the case of Frenchs Forest health precinct, the Strategy Paper incorporates 4,360 dwellings in its assessment of future supply, which does not include the Skyline Place developments. Critically, approval and construction of these developments would contribute to addressing the looming supply shortage.
- **A feature of the Northern Beaches population outlook is that growth is expected to be heavily skewed towards older age cohorts.** There is negligible growth expected in the under-20 age cohort, while the 20-54 age cohort is expected to contract. **By contrast, the 70-84 age cohort – a key driver of demand for ILUs - is expected to grow by 51% - and the 85+ age cohort is projected to grow by 78%.** As outlined in our demographic profile, the median age in the Northern Beaches is already higher than Sydney (39.5 vs 37.5 years). This gap is projected to widen.
- The Strategy Paper argues that **"seniors housing will require the supply of the right types of seniors housing development in the right locations"**. This refers to locations which are near services (retail, health, transport) **so that locations near strategic centres such as Frenchs Forest are desirable, and the Skyline project clearly fits the bill**.
- The Strategy Paper separately argues that "increasingly, seniors housing developments have taken the 'continuum of care' approach, allowing for residents to keep living in one place as they get older by providing different levels of care (from self-contained independent living units to nursing homes and palliative care) on one site."
- While there will be a market for ILUs in complexes with nursing homes, there will be retirees who are looking for ILUs which are in proximity to health and medical services but which are independent from these later-life facilities. **These people will be looking to the policy shift towards at-home-care to allow them to be 'independent' for longer.**
- The Housing Strategy Paper has the supply of ILUs rising in line with this growth in the aged population. **However, if retirees are to be encouraged to downsize form the family home and make room for new young couples with children to move into – or stay in - the NB, there needs to be scope for new ILU product which makes it more attractive for retirees to downsize.**

<u>Socio-demographic profile</u>

- The Skyline development is located in the Northern Beaches LGA. The average age of residents in the Northern Beaches is old and the senior's population is growing relatively fast.
- Per capita and household incomes in the Northern Beaches LGA were significantly higher than the Sydney metro average.
- Most households in Northern Beaches LGA were homeowners (80.4%) compared the metro area where only 64.2% of households were homeowners.
- Couple families with children are the largest cohort in Northern Beaches LGA, particularly when compared to the metro average, although all the growth going forward is senior households. Detached houses particularly in the Northern Beaches LGA are the dominant form of housing and, given the high prices in the area, many seniors residents will have an expensive home (i.e. to downsize from).

Gap Assessment

- Macroplan estimated a current penetration rate of an average total of 5.9% for the 55+ age cohort. Around 0.5% for the 55-59 age cohort, 1.1% for the 60-64 age cohort, 3.1% for the 65-69 age cohort, 6% for the 70-74 age cohort, 10.5% for the 75-79 age cohort, 15.6% for the 80-84 age cohort and 19.1% for the 85+ age cohort.
- There are a total of 4,427 competing dwellings (existing ILUs) within the Northern Beaches LGA. Future supply of ILUs in the pipeline is projected to supply an additional 443 ILUs – 32 units in 2021, 83 units in 2022, 166 units in 2023 and 162 units in 2024.
- **Our analysis indicates an undersupply of 257 ILUs in 2021, rising to 363 units in 2026 (i.e. allowing for future supply pipeline), and the gap will increase to 1,713 units in 2036 if there is no future supply.**
- In our assessment, Northern Beaches LGA is already significantly behind in terms of it providing housing & lifestyle choice for retirees and empty nesters. **Macroplan envisages that up to 30% of the existing stocks is not relevant to the current housing market and its movers today. Thus, the 'real' effective shortfall could be a lot worse than the above technical shortfall estimation.**

Forestridge Business Park

- The Employment Lands Development Monitor (ELDM, published by the DPIE NSW), indicates there has been a long period of slow industrial development activity in employment zones in the Forestridge Business Park (and within the Northern Beaches LGA) and which is projected to remain the case into the foreseeable future. Moreover, there has been a shift in local employment away from traditional industry (i.e., manufacturing, logistics and warehousing) to higher order, service based and professional-oriented industries (i.e., health and social care assistance) which is projected to continue into the future. **Therefore, Macroplan envisages that there is more than an adequate stock of undeveloped and zoned employment land. The exclusion of the subject site's allocation is estimated to has a much minor impact on future employment lands supply in the Northern Beaches LGA, before allowing for the commercial floorspace and jobs it will create.**

Economic Benefit – Job Creation

- The proposed development will support local employment by increasing available employment floorspace and maintaining local employment objectives, while promoting local industries and generating more employment during the planning, construction and operation stages.
- The employment outcome from the proposed DA could surpass the traditional B7 business park uses. Macroplan estimated that a net addition of 72 to 90 jobs per annum could be generated on site once the development is fully completed and operational.
- The project approval will also generate additional indirect jobs. Based on our multiplier assessment, the additional direct jobs (above) will generate an additional 49 to 62 indirect and induced jobs outside the proposed development (i.e., subject site).

Economic Benefit – Accommodating Future Jobs in Frenchs Forest

- Macroplan estimated that Frenchs Forest will require to provide additional commercial floorspace (including retail & health uses) of 57,000 sq.m between 2021 and 2036 (approx. 3,800 sq.m per annum).
- The development application incorporates the provision of about an additional 1,000 sq.m of commercial/retail/allied health floorspace and will therefore contributes to accommodating the future job growth outlined above. The additional employment space at the subject site will not comprise the current town centre's primary role in provision of goods and services, but will create the opportunity for the local employment functions to grow and change over time.

Economic Benefit – Other Considerations

- As indicated above, Northern Beaches LGA is ageing fast and demand for seniors living is growing correspondingly. **From 2016 to 2036, there will be an additional 27,200 senior residents in Northern Beaches.** This means for local residents will eventually require more quality senior living housing close to family and friends.
- A vast majority of the existing ILUs is over 20 years old and becoming less attractive. Most of the stock was developed in the 1980s, under the superseded SEPP5. Standards for access, open-space, internal unit accessibility amongst many other elements have taken on much greater consideration statutorily as well as in relation to market expectations.
- Wealthier retirees are now looking for modern stock that meets demand for privacy, safety, access, layout and design that have become standard in Australia's property market. **Particularly, the proposed development will allow for continuity of care for (current and future) senior residents who are seeking to future-proof their retirement living with integrated services (i.e. allied health).**
- **Northern Beaches LGA is already significantly behind in terms of providing housing & lifestyle choice for new families.** Frenchs Forest and its surrounds has been a difficult location to achieve any residential development. Therefore, allowing more retirement housing developments to encourage older people to sell large houses will free up the housing supply that is tied up in empty bedrooms. This will facilitate the Council's objective to increase housing capacity (i.e., Draft Northern Beaches Local Housing Strategy).
- Frenchs Forest cannot realistically accommodate the expected quantum of additional retirement housing demand without large-scale sites becoming available, effective immediately. In this respect, the subject site presents a key opportunity for Council to assist in delivery of sustainable seniors living communities.
- **COVID is influencing the type of seniors housing products in demand.** According to a recent survey done by Downsizing.com.au and OverSixty.com.au, there were strong interest in downsizing throughout the COVID19 pandemic. **The survey found that over 60% of survey respondents were considering downsizing during COVID-19 to be in a "supportive and helpful community".** The same percentage of respondents also wanted to live in a "modern low-maintenance home". Macroplan also envisages that more senior residents will appreciate an 'independent' living environment. **COVID has raised awareness of the retirement living sector in general and it has differentiated independent retirement living from more crowded care homes.** It has highlighted the benefits of containment in a village community setting that has a large community area to walk around and more facilities available on-site, so it is a proper community experience while locked down and kept safe.

Section 1: **Introduction**

This report has been commissioned by Platino Properties to look at the current and projected demand and supply for independent living units (ILUs) in the hinterland of the Frenchs Forest strategic centre.

1.1 Project Overview

Stage 1 of the development at 5 Skyline Place is a development for ILUs and commercial activities which was approved in August 2020. Stage 1 comprises:

- 55 ILUs;
- 78 car parking spaces;
- Associated common areas for use by residents comprising reception area, lounge rooms, staff rooms, entertainment areas and large north facing outdoor activities deck;
- Ground level café open to residents, families and public; and
- Approximately 1,700 sq.m of floorspace for commercial / medical suites / health care related uses on ground and first floors.

Stage 1 received a high level of interest and this response has informed Platino's proposals for Stage 2. The subject proposal (Stage 2) will comprise:

- 111 ILUs, 12 affordable housing units, 10 disability housing units;
- Associated common areas for use by residents comprising reception area, lounge rooms, entertainment areas, a swimming pool; and
- 1,000 sq.m of floorspace on the ground floor for commercial / medical suites / health care related uses.

The below map (Figure 1) shows the location of the subject site within the Frenchs Forest health and education precinct.

Figure 1. Subject Site

Source: Nearmap, Macroplan

The subject site is located in the affluent Northern Beaches LGA, an area highly sought after. In 2016, the largest household cohort was families with dependent children, however, the LGA has an ageing population and the area is becoming increasingly attractive to downsizers and retirees.

Benchmarking Northern Beaches LGA to Greater Sydney recognised several key differences between the two. 2016 Census data demonstrated that:

- Per capita and household incomes in Northern Beaches LGA were significantly higher than the Sydney metro average.
- The average household size of 2.7 in the Northern Beaches LGA was on par with the metro average.
- **The average age of residents in Northern Beaches LGA was much higher than the metro average (39.5 vs 37.5 years). This reflects a large proportion of people aged 60+.**
- Homeownership in the Northern Beaches was high with 71.9% of households owning their home compared the metro area where only 64.2% of households were homeowners while 35.1% rented a dwelling.
- Couple families with children were quite prevalent in Northern Beaches LGA, particularly when compared to the metro average. This reflects the dominance of separate houses.

Table 1. Benchmarked Socio-demographic profiles, 2016

	Northern Beaches LGA	Syd Metro
Per capita income	$57,566	$45,173
Var. from Syd Metro bmark	39.2%	-
Avg. household income	$153,809	$123,654
Var. from Syd Metro bmark	41.8%	-
Avg. household size	**2.7**	**2.7**
Age distribution (% of population)		
Aged 0-14	19.7%	18.7%
Aged 15-19	5.7%	6.0%
Aged 20-29	10.3%	15.0%
Aged 30-39	13.4%	15.5%
Aged 40-49	15.8%	13.7%
Aged 50-59	13.2%	12.2%
Aged 60+	21.9%	18.9%
Average age	39.5	37.5
Housing status (% of households)		
Owner (total)	71.9%	64.2%
• Owner (outright)	35.4%	30.0%
• Owner (with mortgage)	36.5%	34.2%
Renter	26.6%	35.1%
Other	1.4%	0.7%
Birthplace (% of population)		
Australian born	69.6%	60.9%
Overseas born	30.4%	39.1%
• Asia	5.8%	19.1%
• Europe	15.8%	9.6%
• Other	8.8%	10.4%
Family type (% of population)		
Couple with dep't child.	52.1%	48.5%
Couple with non-dep't child.	7.9%	9.1%
Couple without child.	21.8%	20.1%
One parent with dep't child.	5.6%	7.9%
One parent w non-dep't child.	3.2%	4.1%
Other family	0.7%	1.2%
Lone person	8.7%	9.2%

Source: ABS Census, Macroplan

Section 2: Sydney and Northern Beaches Property Markets

In this section we look at long term trends in prices in the Greater Sydney and Northern Beaches housing markets, and the factors which have driven those trends. We also observe the rise in the premium which housing in the Northern Beaches commands, compared with the Greater Sydney market.

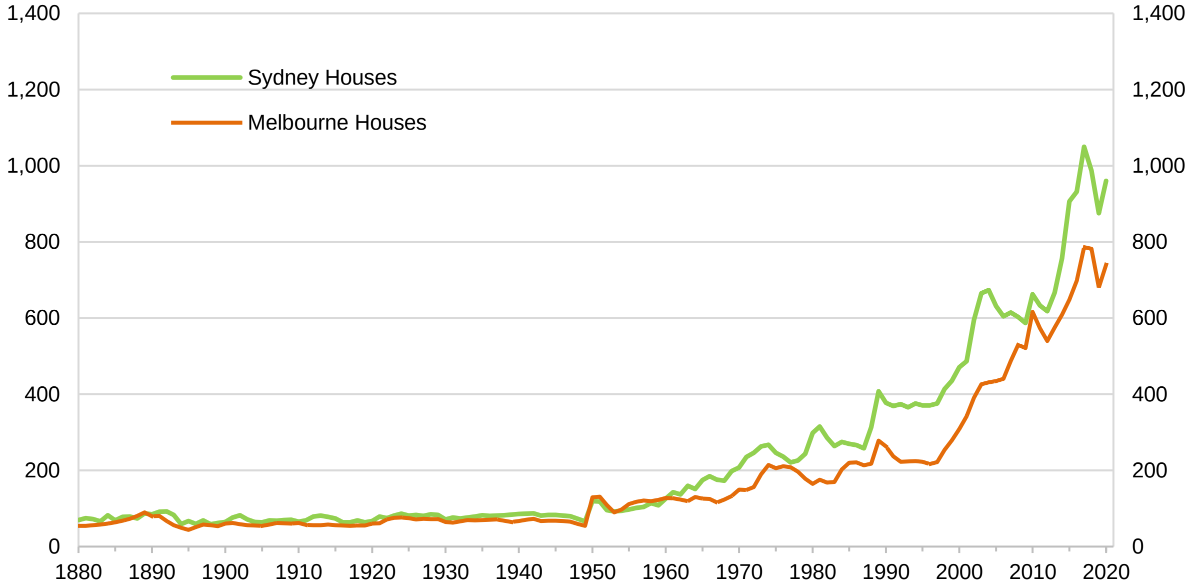
2.1 Long-term Price Trends

2.1.1 Price Trends in the Sydney House Market

While Sydney house prices exhibited a negligible upward trend prior to 1960 (Figure 2), over the period 1960-2019, established housing prices have risen by 3.5% per annum in real terms[1]. Excluding improvements (and knock-down and rebuild) to the existing housing stock, which add 0.5-1% per annum to the value of the housing stock, the capital gain is 2.5-3% per annum and this reflects very largely the rise in land value.

The cost of constructing dwelling structures has risen but can only explain a small part of the rise in cost of housing. Over the period,1960-2019, costs in real terms have risen on average at 0.6% per annum, well short of explaining the rise in established house prices over the same period.

Figure 2. Annual Prices $'000, real terms (June 2019 prices)



Source: Dr Nigel Stapledon

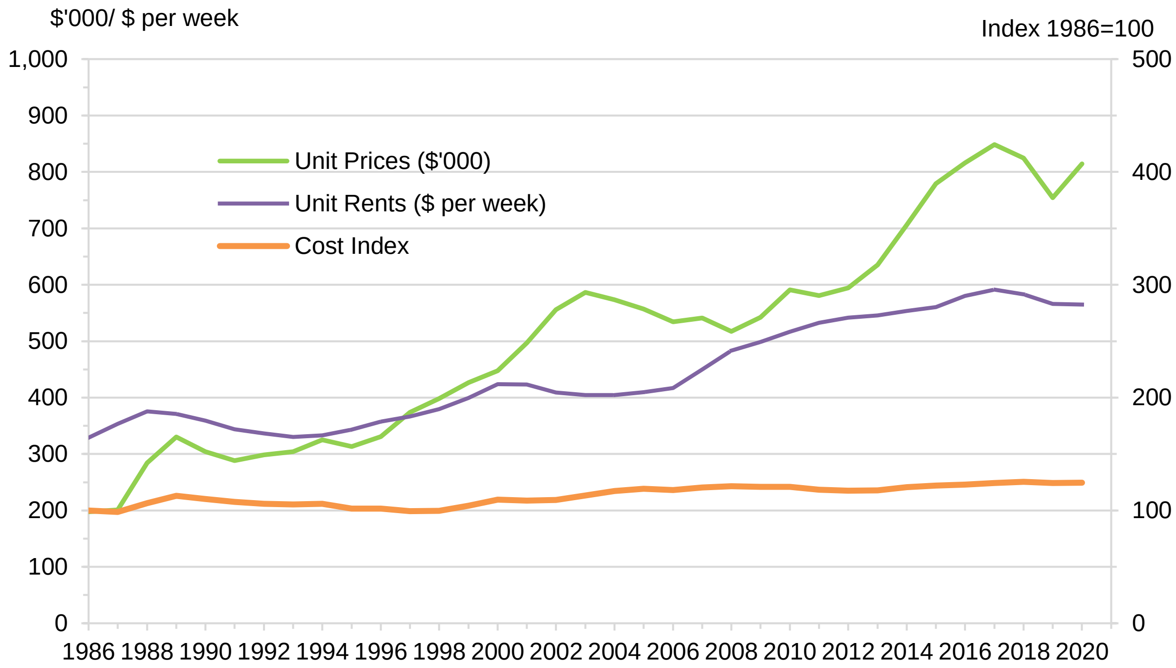
2.1.2 Price Trends in the Unit Market

Since 1986 (when data on the apartment market is available) the upward trend in house prices has also been experienced in the apartment market. The upward appreciation has been at a lesser rate – 4.2% per annum average vs 4.5% per annum for houses over the same period. However, this can be explained in terms of the lesser

[1] All pricing is reported in real terms, that is, nominal prices that have been adjusted for inflation.

component of land in the value of individual apartments and also the lesser improvements made to the stock of existing apartments. Note also that period is one when house price growth has been above the longer term trend rise of 3.5%, in part because the starting point (1986) was a cyclical low. Longer term growth for units might be closer to 3%.

Figure 3. Sydney Units – Prices, Rents and Costs for Units 1986-2020 (Real terms (June 2019 prices)



Source: Dr Nigel Stapledon using various sources including NSW DoH Data

2.1.3 Market Factors, Policy and Prices

As the population of cities grow, and the incomes of households rise (increasing demand for space), the value of land rises as the cost of commuting from the outer to the centre (CBD) rises. As the value of land rises, there is a natural pressure for the land to be used more intensively. This implies a higher density of dwellings, including apartments in inner areas and on/around stations on rail lines – locations which have the advantage of shorter commuting times to the CBD. In cities such as Sydney with high concentrations of high-income jobs in their CBD, these pressures will be more pronounced. In addition, in cities in locations which offer high levels of natural amenity (e.g., beaches, national parks) there are added premiums. The Northern Beaches is an example of an area within Sydney with a significant premium for its location.

Where cities are constrained geographically – as Sydney is the by ocean (to its east) and national parks to its north, south and west, the upward pressure on land prices will also be higher. In addition, where cities are constrained by policy, the value of land also rises faster. In the case of Sydney, policies which limit density (zoning of land low density and impediments to rezoning for higher density) in the inner areas means that the land which is 'selected' for (allowed to be) developed contains a scarcity premium. It also means the unsatisfied demand pressures are pushed out to the middle and outer areas. At the same time, policies which constrain the outward expansion of the city (urban growth boundaries) serve to create a scarcity premium in fringe land prices which feeds through into the value of land in all areas. The Productivity Commission has highlighted the rigidity of the planning system in NSW as a problem and studies by the RBA have highlighted the impact of this on the cost of housing in Sydney.

It is the combination of population and income growth, against a constrained supply, which largely explains the long-term rise in prices in the Sydney market. Sydney is not unique. Globally, cities such as San

Francisco (and most Californian cities) and Vancouver in Canada share a very similar combination of factors and have experienced similar long-term rises. In the US this contrasts with inland cities where supply is not constrained and growth has been lower, and where prices have shown little long-term movement. Studies of US cities have highlighted that cities such as San Francisco are more volatile than other markets, and Sydney is also a market which is subject to volatility.

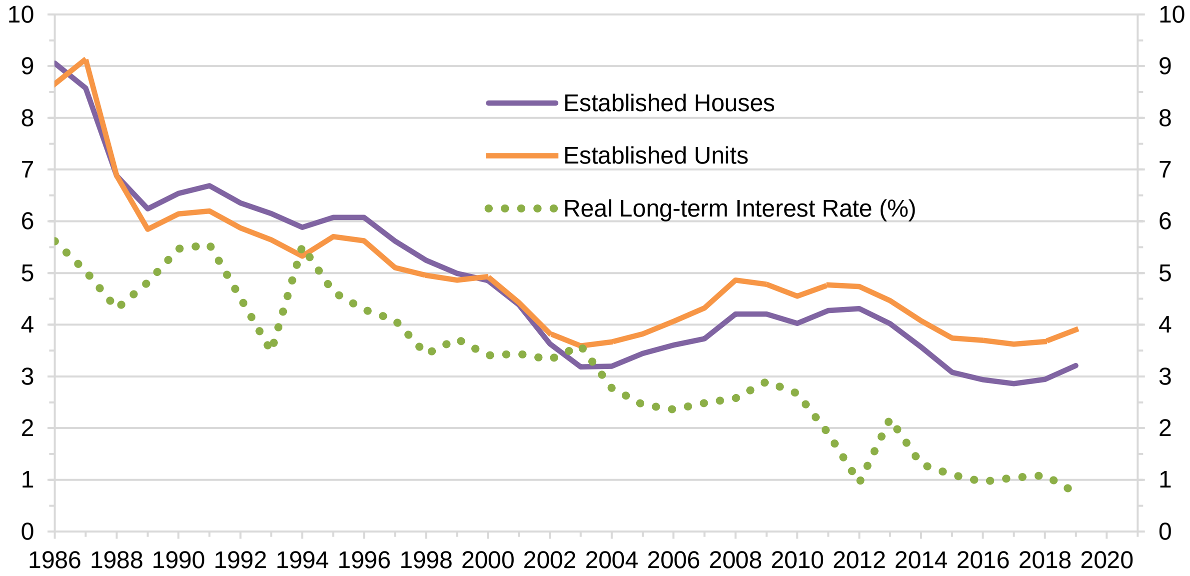
Due to the time taken to construct housing, it is a market subject naturally and historically observed to be subject to cyclical swings. In the case of Sydney, when demand is strong, the significant time required for developers to obtain approvals means there is a long lead time before decisions to develop a site translates into supply. This makes the market prone to over-shooting. Therefore, allowing more retirement housing developments to encourage older people to sell large houses will free up the housing supply that is tied up in empty bedrooms.

2.1.4 Interest Rates and House and Apartment Prices

In the period since the 1989-91 recession there has been a structural decline in interest rates (see Figure 4). This has boosted asset prices generally. It has accentuated the rise in dwelling prices in Australian dwelling markets which have run well ahead of rent growth. In the case of the Sydney apartment market, in the period from 1996, rents rose by 1.9% per annum in real terms, while over the same period prices rose by 3.8% per annum – about double the rate. Correspondingly, yields on residential property have declined to low levels. Over this period, the average yield declined from about 5.5% to below 4%. The decline was more extreme in the house market, principally because of the higher land content in the value of houses – higher yields are required on the structure vs the land component of dwelling properties.

Looking ahead, with interest rates at levels which leave little scope to go lower and some risk of moving higher at some point (when economic growth is stronger), this means that the high rates of price growth experienced in the last two decades are not a guide to likely – or achievable - price growth going forward.

Figure 4. Sydney – Gross Rental Yields for Houses and Units 1986-2019



Source: Dr Nigel Stapledon using various sources including NSW DoH Data

2.2 Market Cycles

While there is a clear long-term upward trend in property prices, this has been punctuated by periods of boom (high rates of price growth) and bust (periods of decline). The impact of COVID19 on net overseas migration (NOM) - a significant negative demand shock - raised the risk of a fall in prices in 2020. This did not eventuate, but the risk posed by this demand shock still remains. In this section, we look at past boom-bust cycles, their drivers and their links to cycles in activity, and what the implications might be for the outlook for the property market in the period ahead – both short and long term.

2.2.1 Housing Cycles

The Sydney and Melbourne housing markets have experienced some very significant booms and busts over the past century or more. In the more recent history (post-1970), the housing cycles have been closely aligned with cycles in the commercial property market and these are discussed below.

In terms of earlier cycles, demographic factors have played a part. In the case of the Spanish flu which occurred at the end of WW1, the war period had caused a cessation in net overseas migration so the flu itself simply extended a period of weakness (in prices and activity) in the housing market. There was then an extended rebound in the 1920s.

The most significant boom-bust period was in the 1890s. A population boom in the 1880s had ignited demand for property which fed into a self-reinforcing boom which saw output of new land lots and housing at levels which proved unsustainable. Then when the bubble burst, net overseas migration collapsed in response to the sharp rise in unemployment which the collapse in housing activity precipitated. The oversupply in land took more than a decade to clear, longer in the case of Melbourne where the boom-bust was most extreme.

In terms of relevance to the present COVID experience, this episode provides an extreme example of how shifts in NOM can have significant impacts on the housing market. By comparison, the COVID19 experience is likely to be significantly less severe. Firstly, because the magnitude and swings in NOM are less severe/more even in the current period. Secondly, the economy is more broadly based today, with the housing sector playing a lesser role in the overall economy. That is, the impact of swings in the housing sector on overall economic activity is significantly less. In addition, Governments today have more levers to pull to support economic activity. In turn, with economic activity less affected, the resilience of economic activity itself provides valuable support to housing demand.

2.3 The Current Residential Cycle

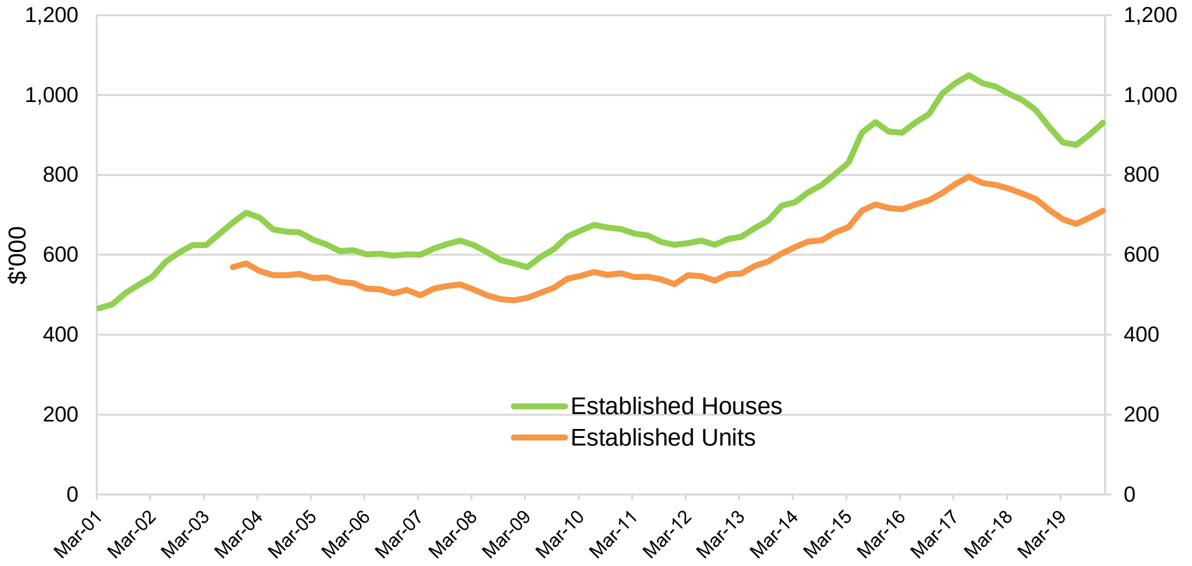
2.3.1 The Price Cycle

The Sydney residential market is, as observed in Section 2, a highly cyclical market. This reflects the constraints on supply (discussed above), swings in population growth and the impact of changes in interest rates. While some different factors are at play, by and large the apartment market and the house market price cycle move very closely together.

The Sydney market experienced a long upswing in prices in the period 1996-2004 which largely reflected the impact of a structural decline in interest rates and the sustained recovery in the economy after the recession of the early 1990s. By 2004, after a period in which high levels of activity had growth in stock well above growth in population (underlying demand), the shift to over-supply was placing downward pressure on rents and with the impact of interest rates fading, the market weakened (see Figures 5 & 6).

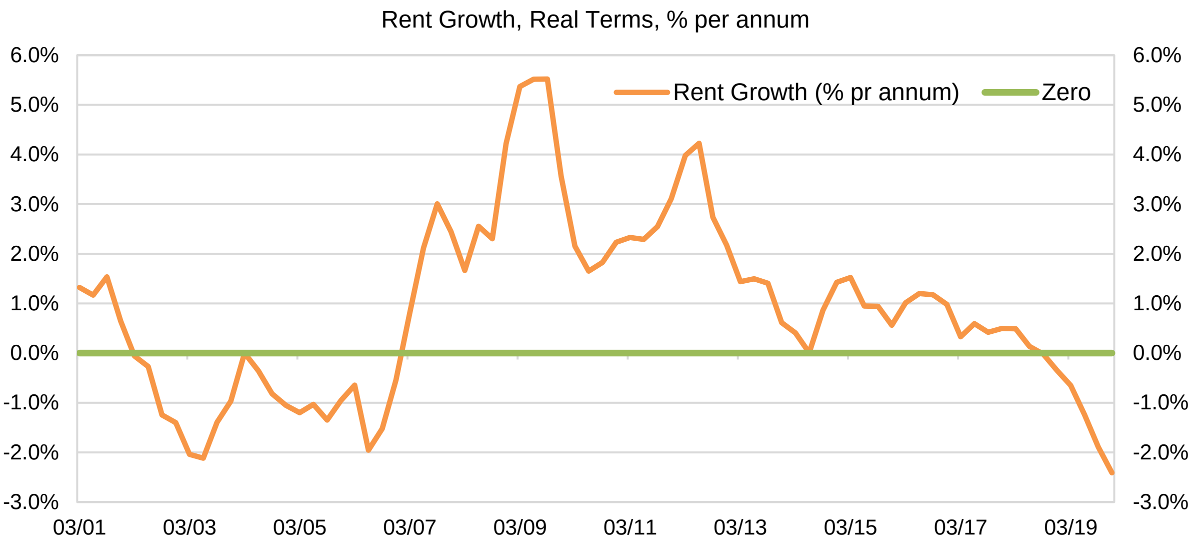
The under-supply proved short-lived in this period, in part because there was a surge in population growth (immigration) in 2007 which was linked to the resources boom which Australia was experiencing. The shift back to under-supply saw a surge in rents. However, this was countered by a rise in interest rates which suppressed prices until about 2012.

Figure 5. Sydney Established House and Unit Prices 2001-2019, (Real Terms - June 2019 Prices)



Source: ABS and macroplan

Figure 6. Sydney Market Dwelling Rent Growth 2001-2019, (Real Terms,) % Annual Growth



Source: ABS data and macroplan

The pressure on prices from rising rents and then subsequent falls in interest rates saw the market experience a significant boom in the period 2012-17. Other factors which drove the strong price gains in the period 2012-17 were the lag effects of sustained period where a lift in population growth (the principal component of 'underlying demand'), had demand outpacing supply growth. For Australia, the lift in immigration was initially stimulated by the resources boom. While the end of the resources boom has seen total immigration inflows off their peaks, it has also seen the distribution of the inflows change, with a switch in the flows to the Melbourne and Sydney markets.

In 2014, growth in stock again caught up with underlying demand and with a lag this saw the upward pressure on rents start to moderate. This moderation and the interest rate fully factored into prices, the market lost momentum and prices fell in the period 2017-19.

The period of property market weakness in prices across Sydney in the two years 2017-19, following the sharp rise from 2012-17, came to an end with prices for houses rising quite strongly in the second half of 2019 and momentum carrying that into the first half of 2020 before COVID came along.

The COVID shock in early 2020 then saw expectations for sharp falls in prices. While there were some initial declines in prices, these proved short-lived. The magnitude of the fiscal stimulus meant that the rise in unemployment which occurred was less than expected and the income support provided by the Government largely offset the rise in unemployment that has occurred. Equally importantly, the Reserve Bank cut interest rates to 0.1%, or effectively zero, and in conjunction with APRA further encouraged a loosening in lending conditions. While the decline in interest rates was small compared with previous cycles, the proportionate decline was still significant and coming on top of the cuts in 2019, the boost to the market has been significant.

In the short term, the decline in interest rates is probably not yet fully factored into prices, so prices are likely to rise further into 2021. Macroplan envisages that there will be more seniors moving out of the Northern Beaches LGA due to limited housing choices and unaffordable housing.

Critically, approval and construction of the subject site redevelopment would contribute to addressing the looming supply shortage and the upcoming price surge. Through a combination of health/medical facilities and seniors living, the proposed development can provide affordable housing for seniors, which will also effectively enable them to age-in-place.

2.4 The Northern Beaches Housing Market

2.4.1 Northern Beaches LGA Residential Property Market

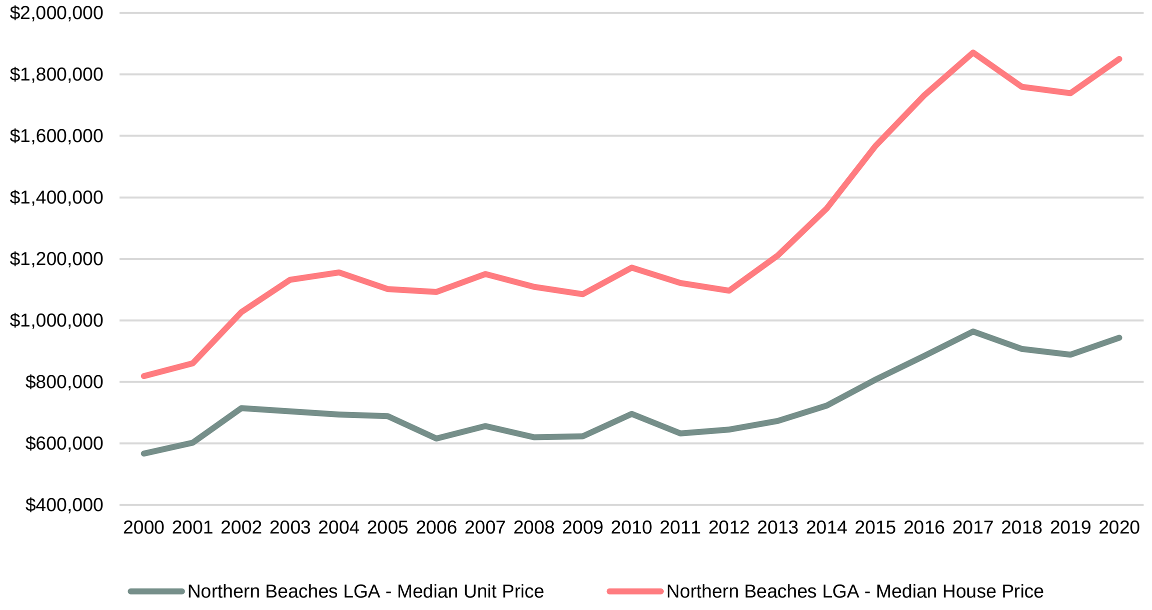
In December 2020, the median house price in the Northern Beaches LGA was recorded at $1.85 million while units had a median price of $944,000. Clearly, while units are typically smaller than houses, at about half the price, units are the more affordable option.

Between 2017 and 2019, Greater Sydney's median dwelling prices dropped significantly. This trend was mirrored in the price of dwellings in the Northern Beaches LGA. However, the decline in dwelling prices in the Northern Beaches was less pronounced in that period and the lift in prices in 2020 has seen prices (in real terms) back to close to their peak in 2017. Overall, the market has performed more strongly compared with the overall Sydney market and partial indicators point that being the case in 2021.

Taking a longer-term view, since 2000 the median house price in the Northern Beaches LGA has risen significantly compared with the median for Greater Sydney. The Northern Beaches market has historically carried a premium over the broader Sydney market. The price premium associated with the area is a reflection of its desirable location with its eastern boundary a coastline of quality beaches and waterways and its western boundary a national park. In the 20-year period 2000-2020, the value of the NB premium has risen from $346,000 (in 2019 dollars) in 2000 to $932,000 in 2020, almost a trebling. Most of that gain has been in the last five years. The rise in the premium has also been reflected in the rise in the ratio of NB prices to Greater Sydney prices which was steady at about 1.7 from 2000-2014 before jumping towards a ratio of 2.

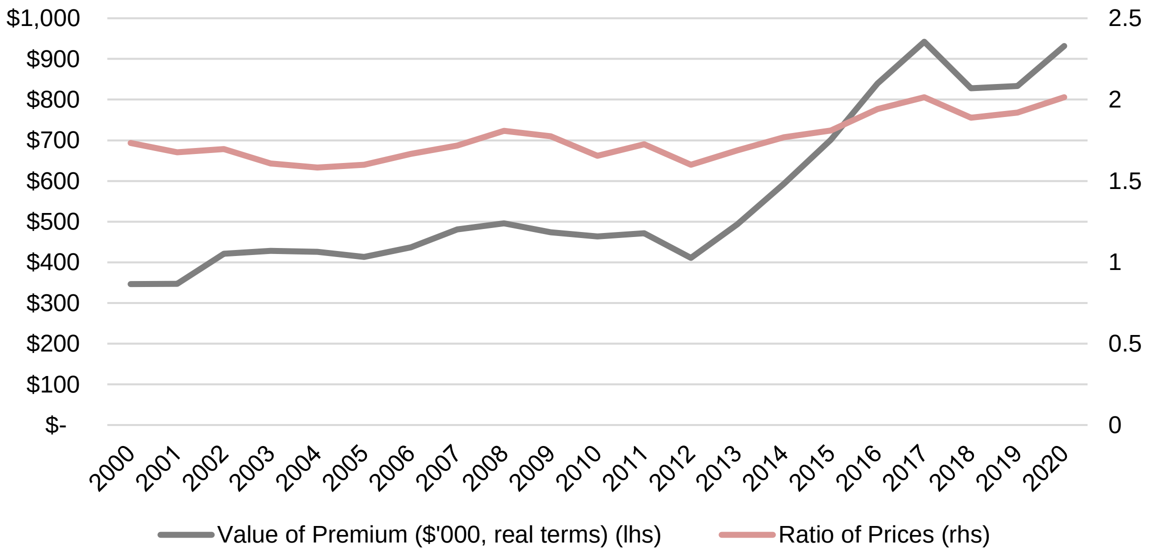
With unit prices having a lower land and higher building content in its value, prices are not expected to rise as fast as houses (Figure 7) and the premiums are expected to be less, which is the case (Figure 9). Nonetheless, the rise in the NB premium for units particularly in recent years is evident.

Figure 7. Residential Median House Prices, 2000-2020 ($'000 Real Terms 2019 dollars)



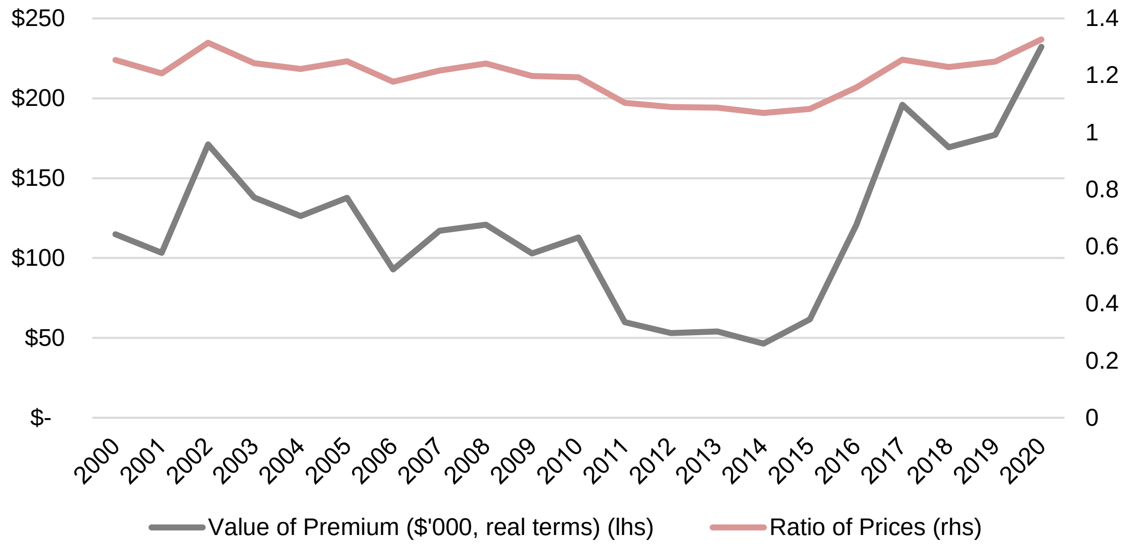
Source: RP Data, Macroplan

Figure 8. Northern Beaches House Prices vs Greater Sydney



Source: RP Data, Macroplan

Figure 9. Northern Beaches Unit Prices vs Greater Sydney

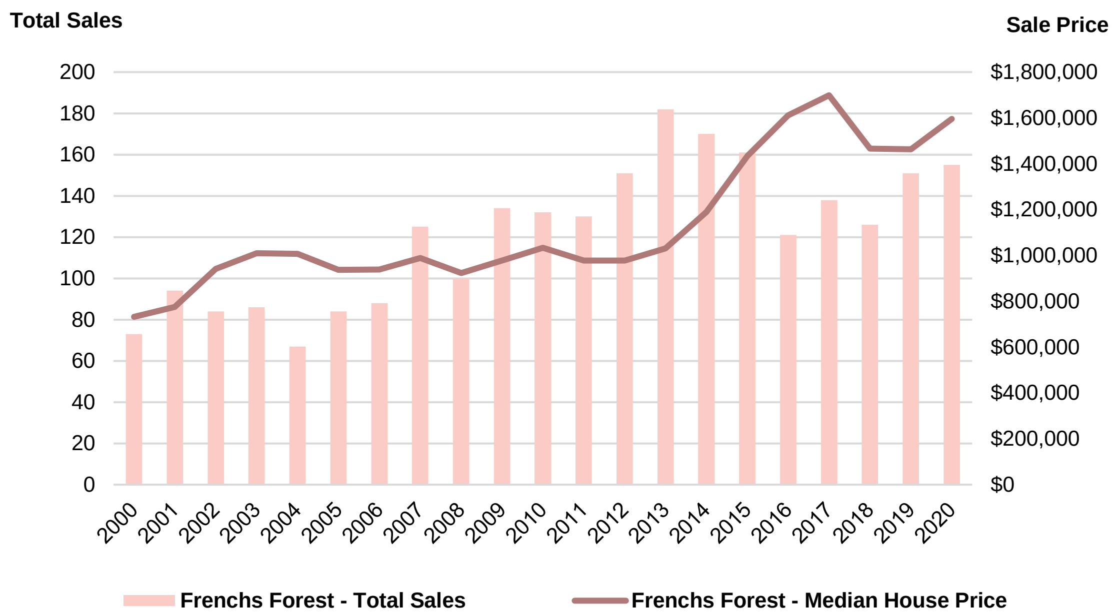


Source: RP Data, Macroplan

2.4.2 Frenchs Forest Property Market

In December 2020, the median house price in Frenchs Forest was $1.6 million, 9.0% higher than in 2019. In line with Northern Beaches LGA, dwelling prices in the sub-market began trending upward in 2020. Despite this, current prices are still (in real terms) below 2017 highs.

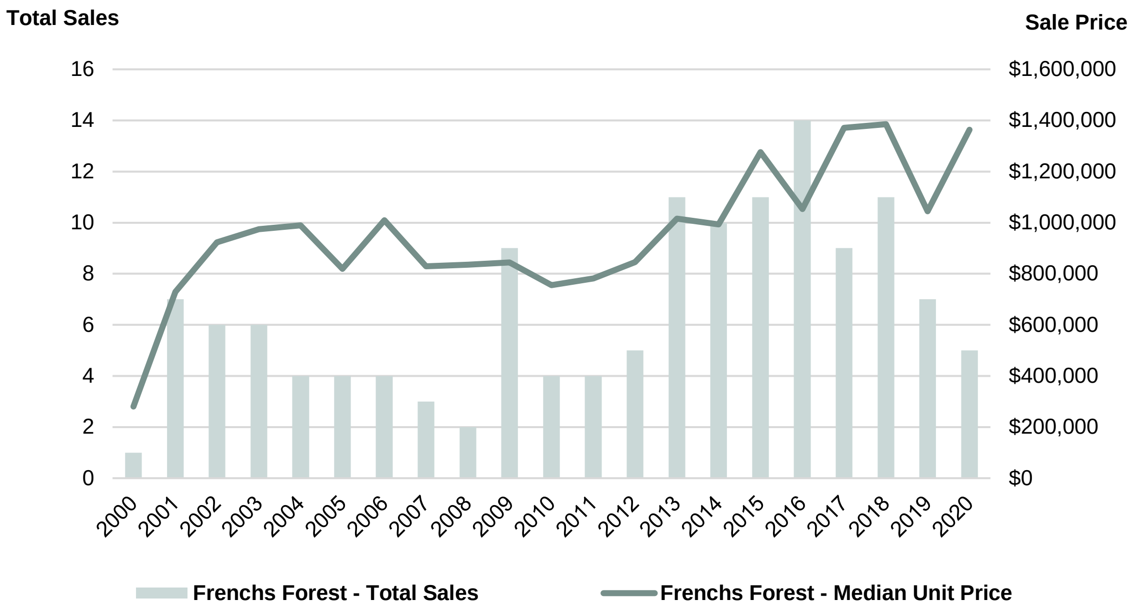
Figure 10. Frenchs Forest Housing Market, 2000-2020, (Real Terms 2019 dollars)



Source: RP Data, Macroplan

In December 2020, the median unit price in Frenchs Forest was $1.36 million, 31% higher than in 2019. Whilst this year-on-year growth is significant, it followed a 25% fall between 2018-19. It is important to note unit sales are limited in Frenchs Forest, so market evidence is constrained.

Figure 11. Frenchs Forest Unit Market, 2000-2020, (Real Terms 2019 dollars)



Source: RP Data, Macroplan

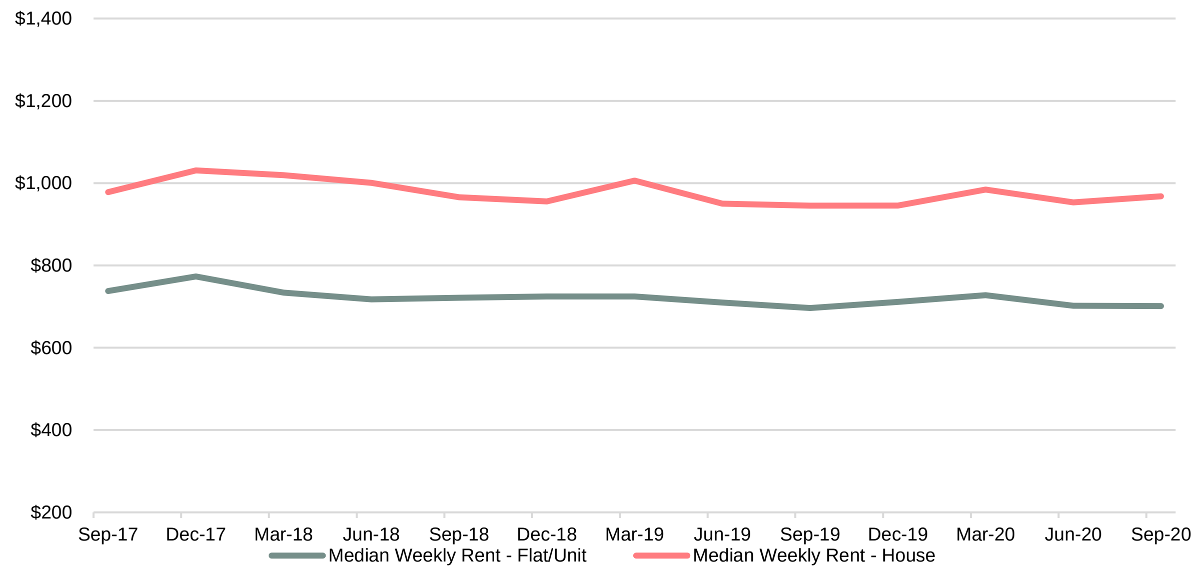
2.5 Leasing Market

Family & Community Services report rents across New South Wales at a postcode level and LGA level. Frenchs Forest is located in postcode 2086.

The Figure 12 below details rental movements in real terms in the Northern Beaches over the past 4 years. As seen in the figure below, rents in the LGA began falling in 2017. Unit prices have since remained relatively flat with the median rental value for a unit currently $700 per week. The housing rental market has been slightly more volatile, since March 2019, but the broad trend has been sideways. In September 2020, the median rental value of a house in the LGA was $970 per week. While not rising in the same manner as prices, the steadiness of rents contrasts with the falling trend in rents across the broader Sydney market, evident before COVID, but particularly the sharps fall in the inner areas of Sydney. The fact that the declines have not caused NB rents to fall more noticeably has reflected the strength of demand for housing in the Northern Beaches,

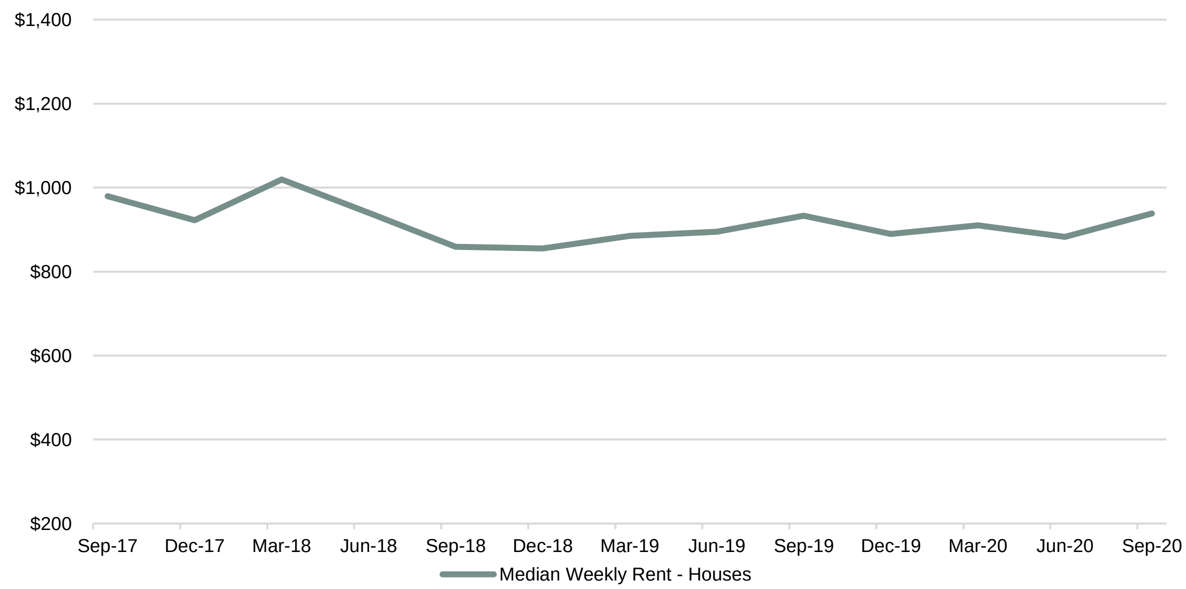
Frenchs Forest is located in postcode 2086. As of September 2020, the median rent for houses in Frenchs Forest was $940 per week – roughly on a par with the Northern Beaches median. It is still below its $1,020 peak in March 2018 but, allowing for some statistical volatility, the broad trends in the Frenchs Forest market and the broader Northern Beaches LGA are similar.

Figure 12. Weekly Rent: Northern Beaches LGA (2019 dollars)



Source: FACS

Figure 13. Weekly Rent: Postcode 2086 (2019 dollars)



Source: FACS

Section 3: Growth Projections for the Greater Sydney and the ILU Market

3.1 Pre-COVID Demand Scenario

The NSW Government Department of Planning, Infrastructure and Environment (DPIE) publishes detailed projections of population, households and dwelling demand out 20 years to 2041 by Local Government area. The latest set of projections released in 2019 included minor updates on the DPIE (2017) projections which were closely aligned with the ABS (2017) projections for Australia's population which are published by State and with splits by capital cities and regions (rest of State).

The DPIE projections had Greater Sydney's population growing from 5.36 million in 2019, by 2.17 million, to 7.53 million in 2041. Growth rates were projected to decline but average just under 1.6% per annum.

This population growth was expected to lead to the number of households growing by 0.89 million over the same period. By household type, reflecting the aging of the population, single households were expected to show the fastest growth. Couples without children were also expected to grow faster than the average, while couples with children were expected to remain the largest cohort but grow at a slower rate. This household growth implied demand for 0.95 million dwellings to be added to the stock of dwellings in Greater Sydney.

As cities grow, there is a natural propensity for them to become denser. Reflecting that, the share of detached housing in Greater Sydney has tended to decline while the share of apartments has tended to rise. The period 2016-2020 in Sydney saw a period of rapid growth in the supply of higher density housing which has appeared to accelerate that trend. However, more recently that apartment boom had ended, suggesting that while the trend to higher density would continue, the pace of change might not be as strong as the boom period suggested.

The DPIE projections did not disaggregate by dwelling type but based on long-term trends in the Greater Sydney market, but discounting for the boom, Macroplan estimates that 40% of this growth would be accounted for by detached dwellings, about 40% by apartments and the balance from medium-density dwellings.

These projected shares reflect a combination of demand and supply factors. On the one hand, supply-side constraints on greenfield expansion constrain demand for detached housing, while constraints imposed on increases in density impact on demand for apartments.

3.2 Post-COVID Demand Scenario

The COVID pandemic has a had a major impact on net overseas migration (NOM) into Australia and, with Greater Sydney a major destination for new migrants – particularly international students - into Australia, the impact on growth in Greater Sydney is substantial, albeit mostly in the short term.

The Centre for Population (2020) projections – released in early December 2020 – have negative NOM for Australia in 2020/21 and 2021/22, before a gradual recovery in the following two years and return to pre-COVID levels of NOM from about 2024/25 onwards (Figure 14 and 15 for NSW). Given that NOM has accounted for about 60% of population growth in the past decade, these declines will have a significant short-term impact on population growth. The CfP has noted that there will be no catch-up of lost NOM when the position normalises in the second half of the 2020s. That is, it expects the growth rate to recover but coming off a lower base, in numbers terms the amount of annual growth heading into the 2030s will very likely still be lower. Macroplan has extended the CfP demographic assumptions out to 2041.

For Australia, the population in 2031 will be 1.54 million lower, compared with the previous set of projections, and 1.82 million lower in 2041. Importantly however, to put that in perspective, Australia's population will still grow by 6.8 million over these two decades – making it probably still the fastest growing of the OECD economies.

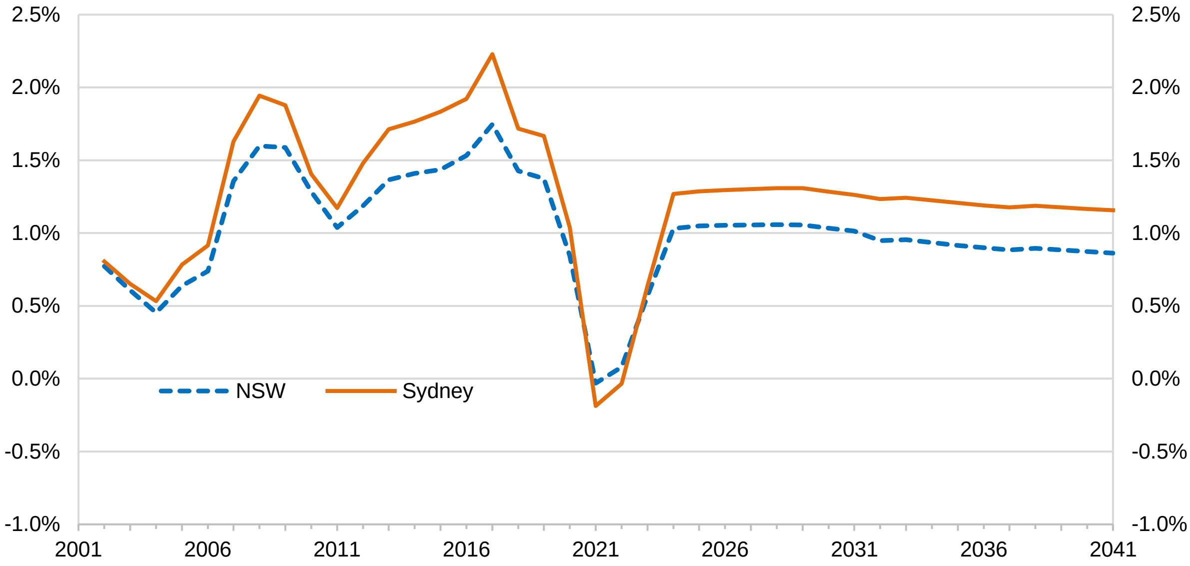
For Greater Sydney, the impact is relatively larger (See tables Appendix A). The CfP projections have negative NOM causing its population to actually contract in 2020/21 and 2021/22. It then recovers back to positive growth over the next two years. It is more vulnerable to the decline in international students but then is more likely to benefit when these numbers bounce back when international travel normalises. In terms of growth rates, the position has recovered back to pre-COVID growth rates by 2024/25.

In terms of demand for housing, the NHFIC State of the Nation's Housing Report for 2020 – released in early December 2020 - has highlighted the significant adverse impact on underlying housing demand out to 2025/26, including for Greater Sydney. Over that period, lower population translates to lesser growth in households and correspondingly lower underlying demand for new dwellings. Over the period 2019/20-2025/26, underlying demand will be for 209,000 fewer dwellings, when compared with demand under the pre-COVID scenario.

Macroplan's housing demographic demand model extends those demand estimates out to 2040/41. The lower population translates to demand for 45,000 fewer dwellings over the period 2025/26- 2030/31, and 73,000 fewer dwellings over the following ten years to 2040/41. Lower migration means a marginally faster aging of the population, so that lone households – of which over-70s are a major factor – will contract less and their share of the lower growth will be higher, while couples with children will contract marginally faster.

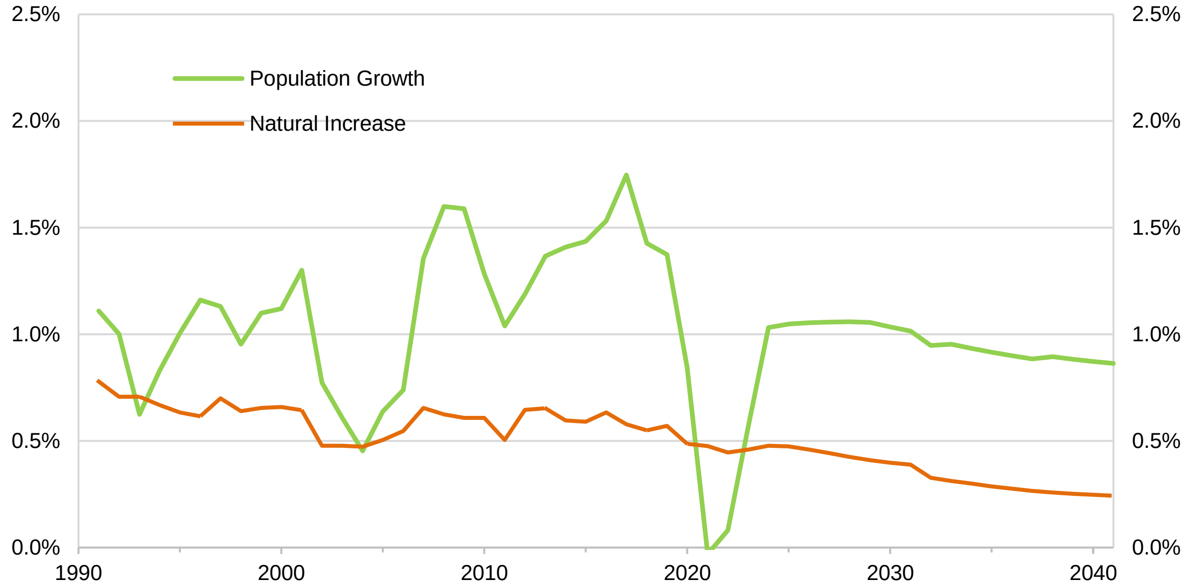
It should be noted that in the two years 2020/21-2021/22 actual levels of construction and completion of new dwellings is expected to hold up quite strongly despite the decline in underlying demand. In part this reflects the positive impact of Government fiscal measures to support activity in the housing industry. Historically, there have been significant gaps between underlying demand and actual levels of new dwelling completions (supply) but beyond the short term, rates of growth in underlying demand and supply have converged. The NHFIC report notes that housing activity is likely to fall in 2022/23.

Figure 14. NSW Population Growth Rate 2001-2020 Actual and Projected 2021-41



Source: ABS (for actual), Centre for Population for projections to 2031 and Macroplan 2032-41

NSW Population Growth Rate 1990-2019 Actual and Projected 2020-41



Source: ABS (for actual), Centre for Population for projections to 2031 and Macroplan 2032-41

3.3 Implications for Housing Demand and Seniors Housing Within Greater Sydney

In the short- to medium-term, the impact of COVID on NOM translates to a significant impact on growth in younger adult cohorts but a limited impact on older age cohorts, Directly, the inflow of international students – concentrated in the age cohorts 20-24 and 25-29 - was a significant factor driving inner city apartment demand, Skilled migration is heavily concentrated in the 20-34 age cohort. Family reunion will include a component of older people however, beyond the period when borders are effectively closed, this component of migration will be the least affected by COVID. Overall, the impact of COVID will see the little impact on the growth trajectory for the seniors age cohort (70+) over the decade or more. It will only be when the smaller younger age cohorts caused by COVID start to move into retirement that the longer-term impact on senior's demand will emerge. That will be beyond 2041.

The different impacts on the age cohorts has implications for demand by location and by housing type. The significant impact on the young age cohorts – in particular, international students – means small apartments in inner city areas have been bearing the brunt of the COVID-driven decline in NOM. COVID has also caused people to rethink the value of outer areas which have the downside of longer commutes but the upside of more space. Long commutes matter less when people can work from home, while the value of space rises. Pre-COVID there was a trend for retirees to move to inner urban areas, trading down to smaller dwellings in exchange for the proximity to inner city living. Retirees, as with all household groups, are now rethinking.

Households are the principal ingredient driving underlying demand for housing. Reflecting the higher share of single households in the 70+ age cohort, seniors demand has accounted for a higher share of growth in households and hence demand for housing in the Greater Sydney market. While growth in seniors demand is roughly unchanged in post-COVID scenario, with demand from younger cohorts lower, it will account for a higher share of housing demand in this period.

3.4 Implications for Housing Demand and Seniors Demand in the Northern Beaches

The age profile in the Northern Beaches LGA is older than for Greater Sydney as a whole. As of 2016, whereas 9.8% of the Greater Sydney population was aged 70+, 11.6% of the population in Northern Beaches was aged 70+ (see Table 2 below). It can also be observed that only 11.1% of the population is aged 20-29, compared with 16.7% for Greater Sydney as a whole. This very different demographic profile explains one reason why the Northern Beaches will likely be relatively less impacted by COVID. It has a low share of the 20-29 age cohort and this cohort in the NB being more local and much less driven by overseas migration, can be expected to be much more stable. The older age cohorts, by life cycle more settled and less prone to moving, are also a stabilising influence in the face of COVID.

In addition, as discussed above, the behavioural response to COVID has seen an increased preference for outer vs inner areas and for areas which offer proximity to the recreational amenities offered by open space and beaches. The Northern Beaches has most of the attributes in abundance and hence is strongly favoured by the changed preferences wrought by COVID. Some of these changes may prove short-lived or be diluted somewhat when the COVID threat passes but, particularly as COVID will likely be an over-shadowing influence for at least two years, some impacts are likely to be enduring. In addition, there are some non-COVID factors which have been driving demand in the area. **The new Northern Beaches hospital brings a higher level of medical care closer to the residents of the Northern Beaches – an important consideration in location choice for senior residents and a consideration only emphasised by COVID.** And the recent and coming improvements to the transport connectivity of the Northern Beaches can only add to the attractions of living in the area and boosting demand.

The broad conclusion is that, while Greater Sydney will be adversely impacted for a number of years, it is by no means clear that the impact on housing demand in the Northern Beaches will be negative. As highlighted in the Housing Market section (Section 2.4), the price premium in the Northern Beaches LGA has increased significantly in the last five years and strengthened in 2020. This reflects the strength of demand. It also indicates a degree of unmet demand for housing in the LGA. That is, if supply were more responsive to demand, we might have seen less of the shift in demand feeding into prices.

Table 2. Greater Sydney and Northern Beaches Population Age Profiles (2016 Census)

	Northern Beaches LGA		Greater Sydney	
Age Group	**No.**	**%**	**No.**	**%**
0-19	67,343	25.4%	1,243,408	26.4%
20-29	29,458	11.1%	788,587	16.7%
30-54	95,807	36.1%	1,462,724	31.0%
55-69	42,090	15.9%	753,855	16.0%
70-84	23,774	9.0%	367,572	7.8%
85+	6,996	2.6%	95,925	2.0%
	265,468		**4,712,071**	

Source: ABS Census

Section 4: **Supply of Independent Living Units**

This section details both current and proposed retirement villages located in a localised catchment (identified below) as well as Northern Beaches LGA. Macroplan has reviewed key competitors focusing on each village's provision of amenities, service structure and overall quality.

4.1 Catchment delineation

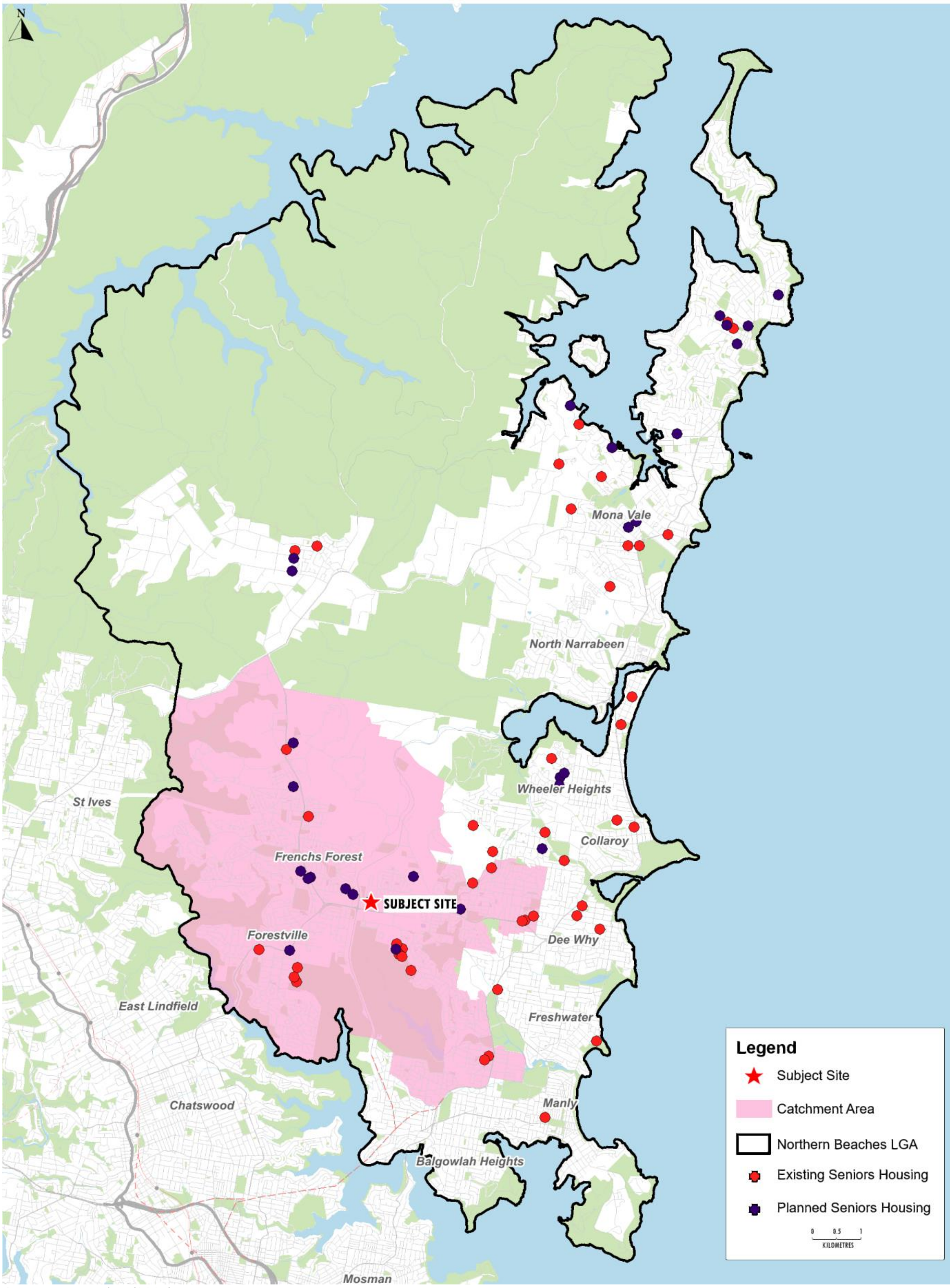
Macroplan have developed a catchment area which represents the area in which we expect the largest source of demand for ILUs at the subject site will stem. This means supply in this catchment is likely to be Platino Properties biggest competitors (see Figure 16 below).

This catchment delineation was informed by the stark contrast in suburbs located in Northern Beaches' inland and suburbs located along Northern Beaches' coastline. The key factors differentiating the two include:

- Affordability, with inland suburbs generally cheaper.
- Natural features.

While affordability may dictate where households can locate, lifestyle also plays a factor. Frenchs Forest and directly adjacent suburbs are characterised by leafy green hills, offering views of national park and opportunities for hiking. This compares to suburbs like Dee Why which offer easy beach access, coastal views and are perfect for those who enjoy water activities. On this basis, Macroplan expect most demand to come from households living in proximate inland suburbs hence supply in this catchment are key competitors.

Figure 15. Catchment and Seniors Housing (2021)



Source: Macroplan (2021)

4.2 Existing Supply

Macroplan identified 45 competing retirement villages in the catchment area. Most village dwellings were units (ILU) with a total of 4,140 units located in the catchment, whilst a small proportion of residence were provided in the form of a serviced apartment (SA), with a total of 287 in the catchment. This calculates to a total of 4,427 competing dwellings (existing) within the total catchment (Northern Beaches LGA).

Table 3. Existing Seniors House (2021)

Project Title	Est. Year	Operator	Address	Suburb	ILU	SA
Primary Catchment						
William Charlton Retirement Village	1966	Allambie Heights Village Ltd	181 Allambie Rd	Allambie Heights	55	
Tredinnick Village	1972	Uniting Care	75 Cook St	Forestville	60	
Glenaeon	1982	Lendlease	207 Forest Wy	Belrose	221	51
Belrose Country Club	1987	RetireAustralia	2 Dawes Rd	Belrose	228	
Santa Monica Village	2009	Southern Cross Care	8-14 King St	Manly Vale	20	
Narraweena Seniors Development	2016	NSW Housing	45-47 Ocean St	Narraweena	7	
Narraweena Seniors Development	2016	NSW Housing	18-22 The Circle	Narraweena	13	
Narraweena Seniors Development	2016	NSW Housing	66-68 Warringah Rd	Narraweena	12	
Canopy Forestville	2017	Canopy	751-757 Warringah Rd	Forestville	28	
Allambie Heights Village	2019	Allambie Heights Village Ltd	3 Martin Luther Pl	Allambie Heights	58	
Druids Court	Pre 2000	Unknown	2 Martin Luther Pl	Allambie Heights	20	
Forestville Retirement Village	Pre 2000	Fresh Hope Care	51-73 Cook St	Forestville	33	
Kings Court Christian Village	Pre 2000	Kings Court Christian Village	21 King St	Manly Vale	35	
Scalabrini Village – Allambie Heights	Pre 2000	Scalabrini Village	167 Allambie Rd	Allambie Heights	12	
St David's Village	Pre 2000	Anglicare	45 Cook St	Forestville	89	
Willandra Bungalows	Pre 2000	Australian Unity	51 Little Willandra Rd	Cromer	90	
Willandra Village	Pre 2000	Australian Unity	81 Willandra Rd	Cromer	358	
Marston Living Beacon Hill	Pre 2000	Marston Living	8 Lady Penrhyn Dr	Beacon Hill	32	
Fred Hutley Village	Pre 2000	Fred Hutley Village	183 Allambie Rd	Allambie Heights	12	
Secondary Catchment						
RSL War Veterans Retirement Village	1938	RSL LifeCare	90 Veterans Pd	Narrabeen	710	
Minkara Resort	1985	Aveo	9 Minkara Rd	Bayview	159	43
Pittwater Palms	1986	Aveo	82 Avalon Pde	Avalon Beach	127	41
Dee Why Gardens	1987	Lendlease	155 Fisher Rd North	Cromer	208	27
Warringah Place Retirement Village	1988	Salvation Army	1039 Pittwater Rd	Collaroy	236	

Pittwater Village	1988	Lendlease	16 Mona Vale Rd	Mona Vale	74	26
Maybrook Manor	1990	Stockland	6 Jersey Pl	Cromer	97	
Greentrees	1992	Greentrees	600 Pittwater Rd	North Manly	14	
Ocean Grove @ Dee Why RSL	2005	RSL Lifecare	8 Dee Why Pde	Dee Why	94	
Fisher Road North Seniors Housing	2011	Unknown	243 Fisher Road North	Cromer	9	
Warriewood Retirement Village	2015	Anglicare	6-14 Macpherson St	Warriewood	260	
Watermark Freshwater	2015	Mounties Group	80 Evans St	Freshwater	73	
Akuna	2017	Akuna	83-85 Booralie Rd	Terrey Hills	50	
Watersedge	2017	Cabe	2079 Pittwater Rd	Bayview	5	
Pittwater Road	2017	Unknown	Pittwater Road	Mona Vale	16	
Wesley Heights	n/a	Uniting Care	86 Raglan St	Manly	18	
McDonald Homes	n/a	Uniting Care	74 & 86 Oaks Av	Dee Why	28	
Furlough House	n/a	Furlough House Retirement Village	72-90 Ocean St	Narrabeen	81	
Wheeler Parade Apartments	Pre 2000	Unknown	5-9 Wheeler Pde	Dee Why	28	
W.G. Taylor Village	Pre 2000	Wesley Mission	156 Ocean St	Narrabeen	34	
Bayview Gardens	Pre 2000	Aveo	36-42 Cabbage Tree Rd	Bayview	262	38
Peninsula Gardens	Pre 2000	Aveo	79 Cabbage Tree Rd	Bayview	77	34
Baldwin Living Seabeach Gardens	Pre 2000	Baldwin Care Group	1 Seabeach Av	Mona Vale	97	
Catalina – Senior Living	Pre 2000	Catalina Island	64-66 Avalon Pde	Avalon Beach		11
The Pines Retirement Village	Pre 2000	Thompson Health Care	42 Booralie Road	Terrey Hills		16
Total					**4,140**	**287**

Source: Macroplan

Whilst there is a notable presence of existing retirement villages within the Northern Beaches LGA it is important to note that the far majority of these are reflective of old and outdated villages/ILUs (with specific reference to the primary catchment). According to our analysis - 79% of the total retirement villages were built pre 2000 and 43% were built pre-1990, whilst a mere 13% were developed after 2015[2].

In our assessment, Northern Beaches LGA is already significantly behind in terms of it providing housing & lifestyle choice for retirees and empty nesters. Macroplan envisages that up to 30% of the existing stocks is not relevant to the current housing market and its movers today.

[2] Section 10.2 gives further weight to this.

4.3 Competitor Supply

To assess the project's potential market share, Macroplan has undertaken a detailed analysis of the existing retirement living facilities in the primary catchment area. One of the key reasons for choosing a particular village, other than reputation and affordability, is the level of services provided, types of amenities offered, built form and fit out quality. Macroplan's analysis of some of Palatino's direct competitors revealed that:

- **Marston Living** located in Beacon Hill is a recently established (2019) luxury retirement living village nestled beside pristine bushland. ILU's are lavishly spacious and feature a high standard in fixtures and fitting. Residents are proximate to amenities such as Tristram Road Reserve (-1.4km) and Queenwood Tennis & Sports Centre (-2km). The Village is, however, relatively isolated from surrounding retail and commercial services and the nearest bus stop is within 550m. It is located approximately 3.1km north-east from the subject site.

- **William Charlton Retirement Village** located in Allambie Heights is a firmly established (1966) retirement village that provides senior accommodation of studio and one-bedroom apartments for rent at affordable and below market prices. The Village is located within a tranquil setting with landscaped gardens and is in walking distance to Allambie Heights Neighbourhood Centre (-900m), Allambie Heights Oval (-650m) and has a bus stop directly outside with links to Warringah Mall, Manly, Chatswood and the CBD. In reflection of its establishment year, dwelling stock is largely considered as traditional and outdated. Limited parking is available onsite for residents and visitors. It is located 1.7km south from the subject site.

- **Forestville Retirement Village** is a well-established (pre-2000) retirement village providing spacious and low maintenance villa-style dwellings with scenic outlooks and moderate quality finishes. The Village is nestled against Garigal National Park which provides residents with walking tracks and opportunities to be close to nature. It is also proximate to other amenities such as Forestville Shopping Centre (-650m) and Forestville RSL (1km). Whilst fit-out quality has been maintained to a contemporary standard, quality of built form could be viewed as traditional and outdated. The nearest bus stop is within 350m. It is located approximately 3.3km south-west from the subject site.

- **Willandra Village** is a well-established (1986) retirement village nestled against untouched bushland. The Village provides a diverse range of product offerings including serviced apartments (studio, one and two bedrooms), villas (studio, one, two and three bedrooms) and semi-detached bungalows (two and three bedrooms). Despite being isolated from surrounding retail and commercial offerings the Village has a bus stop located directly outside. It is located 3.7km north-east from the subject site.

- **Belrose Country Club Retirement Village** is a firmly established (1987) retirement village nestled against untouched bushland. The Club offers luxury strata-titled ILUs (two and three bedroom) in addition to serviced apartments. The Club is highly regarded for its diverse mixture of internal amenities and facilities including a bar, restaurant, indoor bowls area, indoor heated pool, and tennis court. It is located directly adjacent to a range of retail offerings including Club Belrose, Belrose Hotel, and multiple bus stops. It is located 3.3km north-west from the subject site.

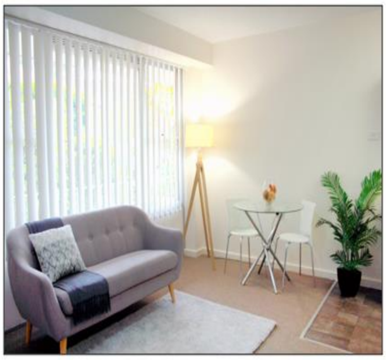
- **St David's** St David's Village is a well-established (pre 2000) retirement village located in Forestville (directly adjacent to Forestville Retirement Village) offering a range of one, two and three bedroom units and apartments. The Village is highly regarded for its well-maintained gardens and its mixture of internal amenities including a café, gym, indoor bowls, and movie cinema. The nearest bus stop is within 300m. It is located 3km south-west from the subject site.

- **Allambie Heights Village** is a firmly established (1966) retirement village set amongst Garigal National Park offering studio, one and two bedroom independent living apartments. Retirement living options are offered at an affordable rate and significantly discounted against local market rates. Residents are well-serviced by both internal facilities and local amenities such as Allambie Heights Neighbourhood Centre (1km), Warringah Aquatic Centre (1.7km) and has a bus stop directly outside. It is located 2km south-east from the subject site.

Figure 16. Competing Facilities

Marston Living Beacon Hill

William Charlton Retirement Village



Forestville Retirement Village

Willandra Village



Belrose Country Club



St David's Village



Allambie Heights Village



Table 4. Existing Retirement Villages – Key Village Features

Village Name	Suburb	No. of ILU's	Bed Composition & Prices	Vacancy	Year Est.	Cafe	24/7 Emergency	Salon	Pool	Gym	Lawn Bowls	Library	Village Bus
Primary Catchment													
Marston Living Beacon Hill	Beacon Hill	32	**2 bed:** Size: 143.4 sqm (ILA) **3 bed:** Size: 146 sqm (ILA) Price $1.62 mil	3%	2019	✗	✓	✗	✓	✓	✗	✓	✗
William Charlton Retirement Village	Allambie Heights	55	-	2%	1966	✗	✗	✗	✗	✗	✗	✓	✗
Forestville Retirement Village	Forestville	33	**2 bed**: from $800,000	3%	Pre 2000	✗	✓	✓	✗	✗	✗	✗	✗
Willandra Village & Bungalows Retirement Village	Cromer	448	**1 bed:** $385,000 **2 bed:** $550,000 to $810,000 **3 bed**: $885,000 to $990,000	6%	1986	✗	✓	✗	✓	✗	✓	✓	✓
Belrose Country Club	Belrose	228	**1 bed:** $500,000 to $535,000 **2 bed:** $7,000 to $800,000	10%	1987	✗	✓	✓	✓	✓	✗	✓	✓
St David's Village	Forestville	89	**1**, **2** and **3 bedrooms:** $239,000 to $1,023,000	2%	Pre 2000	✓	✓	✓	✗	✓	✗	✗	✗
Allambie Heights Village	Allambie Heights	58	**1 bed:** $455,000	3%	1966	✗	✗	✗	✗	✗	✓	✗	✗
Secondary Catchment													
Oceangrove Senior Living Village	Dee Why	94	**1,2** and **3 bedrooms**	1%	2011	✓	✓	✓	✗	✓	✗	✓	✗
Minkara Resort	Bayview	202	**2 bed:** $380,000 to $620,000	4%	1985	✗	✓	✓	✓	✓	✗	✓	✓
Dee Why Gardens	Dee Why	235	**1 bed:** Size: 53 sqm (floor area) Price: $540,000 **2 bed:** Size: 70 sqm (floor area) Price: $625,000	<1%	1987	✗	✓	✓	✓	✗	✓	✓	✓
Bayview Gardens	Bayview	300	**1 bed:** $320,000 **2 bed:** $550,000 to $700,000	3%	Pre 2000	✗	✓	✓	✓	✓	✗	✓	✓

Table 5. Existing Retirement Villages – Key Amenity / Facilities

Village Name	Distance from subject site	Hospital within 2km	Bus stop within 400m	Supermarket within 400m	Natural Amenity	Quality
Primary Catchment						
Marston Living Beacon Hill	3.1km	×	×	×	Garigal National Park	Premium
William Charlton Retirement Village	1.7km	✓	✓	✓	Garigal National Park	Standard
Forestville Retirement Village	3.3km	×	✓	✓	Garigal National Park	Standard
Willandra Village	3.7km	×	✓	×	Garigal National Park	Standard
Belrose Country Club	3.3km	×	✓	×	Garigal National Park	Standard
St David's Village	3km	×	✓	✓	Garigal National Park	Standard
Allambie Heights Village	2km	✓	✓	✓	Garigal National Park	Standards
Secondary Catchment						
Oceangrove Senior Living Village	6km	Private	✓	✓	Dee Why Beach	Premium
Minkara Resort	17km	×	×	×	Bushland	Standard
Dee Why Gardens	6km	×	✓	×	Dee Why Beach	Standard
Bayview Gardens	16km	×	✓	×	Bayview Golf Club	Standard

4.4 Future Supply

The table below details the catchment's retirement village supply pipeline. Currently there are 443 ILUs, approved or under construction in the primary and secondary catchment.

Table 6. Future Supply, as of January 2021

Project Title	Stage	Address	Suburb	Complete Year	ILU
Rose Avenue Seniors Housing Development	Construction	44 Rose Av	Wheeler Heights	2021	6
Tristram Road Units	Development Approval (Deferred)	9-11 Tristram Rd	Beacon Hill	2021	8
Prince Charles Road Seniors Housing Development	Building Approval	76 Prince Charles Rd	Frenchs Forest	2021	5
Gladys Avenue Seniors Living Villas	Development Approval (Deferred)	8 Gladys Av	Frenchs Forest	2021	5
Dygal Street Seniors Living Units – The Triglone	Construction	4 Dygal St	Mona Vale	2021	8
Pittwater Road Seniors Housing Units	Development Approval	1955 Pittwater Rd	Bayview	2022	4
Frenchs Forest Road Seniors Housing Development	Development Approval (Deferred)	114 Frenchs Forest Rd	Frenchs Forest	2022	7
Forest Way Seniors Housing Development	Development Approval	49 Forest Wy	Frenchs Forest	2022	4
Bellevue Avenue Seniors Living Units	Development Application	27 Bellevue Av	Avalon Beach	2022	3
Avalon Parade Independent Living Units	Development Approval	84 Avalon Pde	Avalon Beach	2022	7
Lantana Avenue Senior Living Apartments	Development Approval	43 Latana Av	Wheeler Heights	2022	7
Forest Way Senior Living Townhouses	Development Application	58 Forest Wy	Frenchs Forest	2022	4
Park Street & Pittwater Road Seniors Living Apartments	Development Application	38 Park St	Mona Vale	2022	6
Berith Street Seniors Housing Units	Development Approval	3 Berith St	Wheeler Heights	2022	6
Carawa Road Seniors Living Units	Development Approval	22-24 Carawa Rd	Cromer	2022	8
North Avalon Road Seniors Living Dwellings	Development Application	27-29 North Avalon Rd	Avalon Beach	2022	10
Bardo Road Seniors Living Units	Development Application	54 Bardo Rd	Newport	2022	6
Warringah Road Seniors Living Units	Development Application	681 Warringah Rd	Forestville	2022	11
Central Road Independent Living Units	Development Application	3 Central Rd	Avalon Beach	2023	8
Allambie Heights Village – Project 2	Tenders Called / Regns Advertised	181 Allambie Rd	Allambie Heights	2023	24
Ralston Avenue Seniors Housing Units	Development Application	16-18 Ralston Ave	Belrose	2023	16
Pittwater Road Development Site	Development Approval	2129 Pittwater Rd	Church Point	2023	10
Oxford Falls Road Independent Living Units	Tenders Called / Regns Advertised	1113 Oxford Falls Rd	Frenchs Forest	2023	41
Skyline Place Mixed Use Development	Building Application	5 Skyline Pl	Frenchs Forest	2023	55

Central Road Senior Living Units	Development Approval	69-71 Central Rd	Avalon Beach	2023	12
Glenaeon Retirement Village	Development Approval	199 & 207 Forest Wy	Belrose	2024	60
Laitoki Road Seniors Living Development	Sketch Plans	25 Laitoki Rd	Terrey Hills	2024	54
The Stables Development Site Seniors Living Development	Development Approval	58 Laitoki Rd	Terrey Hills	2026	48
Total ILUs					**443**

Source: RP Data (CordellConnect)

In addition to the above, there are a further three projects currently in the early planning project stage:

- **Allambie Road Senior Development Site** (Allambie Heights) is deferred pending submission of development application. It is a 27,700 sq.m site intended for the provision of a significant upmarket aged care facility, seniors living development or co-located seniors' development.
- **Fisher Road Seniors Living Development & Clubhouse** (Cromer) is currently at the sketch plans stage pending approval of assessment of site compatibility certificate. If approved the site will yield a total of 25 senior living units including supporting amenities and car parking provisions for 98 vehicles.

Macroplan note that whilst an additional supply of 443 ILUs between 2021 and 2026 may not viewed as a significant injection, it is important to note that these ILUs reflect newly established retirement villages which will likely exhibit a high grade-built form and fit out quality.

In reflection of Platino Properties' intended product and in recognition of the significant number of high-income earners living within the Northern Beaches LGA, Platino Properties' should expect increased competition for this product type.

Section 5: **Supply / Demand GAP Assessment**

5.1 Demand for ILUs

In order to ascertain future demand for retirement product, we have sourced penetration rates for the region. Obtained from Census data, these penetration rates refer to the percentage of the population by age cohort (typically 55 years and over) who live in retirement villages – essentially it is a probability function for retirement utilisation. Notably, the younger the person, the less likely they are to reside in a retirement village. The average age of entry across Australia is estimated to be 76 years.

There are limitations to relying solely on Census data to derive penetration rates. Census based penetration rates can significantly underestimate demand for retirement villages as:

- They are based purely on supply, and do not consider any latent demand that may exist, i.e. where demand for retirement villages is constrained by limited supply.
- Secondly, the Census undercounts the number of occupied Independent Living Units (for numerous reasons).

Table 7. Population Projections, Northern Beaches LGA

Age Cohort	2016	2021	2026	2031	2036
55-59	15,896	17,294	18,168	19,235	18,531
60-64	13,533	14,693	16,144	17,043	18,094
65-69	12,661	12,396	13,691	15,102	15,980
70-74	10,546	11,617	11,615	12,939	14,296
75-79	7,757	9,387	10,578	10,740	12,064
80-84	5,471	6,469	8,008	9,242	9,559
85+	6,996	7,150	8,095	10,061	12,477
Total	**72,860**	**79,006**	**86,299**	**94,362**	**101,001**

Source: DPIE NSW

Penetration rates are influenced by a number of variables such as:

- Changing perceptions of retirement living;
- Affordability (this includes cost of development, final price of retirement units in relation to competing living options);
- Trends in retirement age;
- Supply of retirement living options (including amount and quality of supply);
- Characteristics of the region (e.g. is it a seaside, is it a growth area or an established area, availability of diverse facilities and services in close proximity etc.); and
- Demographic characteristics of the catchment (e.g. income, ethnicity, etc.).

For the purpose of our assessment we consider the ABS-derived penetration rate in association with the above factors and the observed impacts of internal migration i.e. residents aged 55+ who have relocated from another region into the catchment area.

Based on these factors, we estimate a current penetration rate of around 0.5% for the 55-59 age cohort, 1.1% for the 60-64 age cohort, 3.1% for the 65-69 age cohort, 6% for the 70-74 age cohort, 10.5% for the 75-79 age cohort, 15.6% for the 80-84 and 19.1% for the 85+ age cohort.

Table 8. Penetration Rates, Northern Beaches LGA

Age Cohort	Penetration Rates
55-59	0.50%
60-64	1.10%
65-69	3.10%
70-74	6.00%
75-79	10.50%
80-84	15.60%
85+	19.10%
Overall	5.90%

Source: ABS Census, DPIE, Macroplan

Applying these age-specific penetration rates to the population projections, we generate a demand from an additional 4,665 persons aged 55+ by 2021, 5,269 persons by 2026, 5,989 persons by 2031 and 6,754 persons by 2036.

Table 9. Demand for ILUs, in terms of persons

Age Cohort	2016	2021	2026	2031	2036
55-59	75	81	85	90	87
60-64	143	155	171	180	191
65-69	387	378	418	461	488
70-74	628	691	691	770	851
75-79	816	987	1,112	1,129	1,268
80-84	853	1,009	1,249	1,442	1,491
85+	1,333	1,362	1,542	1,917	2,377
Total	**4,234**	**4,665**	**5,269**	**5,989**	**6,754**

Source: ABS Census, DPIE, Macroplan

Notably, couple families also live-in retirement villages. In fact, according to ABS data, the average household size for those aged 55+ in the region is approximately 1.1 persons per household and varies dependent on age cohort. Those aged 85+ tend to have fewer people per household than the “younger” age cohorts. Our modelling has used different household formation rates for selected age groups to determine demand for ILUs.

Table 10. Projected Demand for ILUs, no. of dwellings

Age Cohort	2016	2021	2026	2031	2036
55-59	68	74	78	82	79
60-64	130	141	155	164	174
65-69	351	344	380	419	443
70-74	571	629	628	700	773
75-79	741	897	1,011	1,027	1,153
80-84	776	917	1,136	1,311	1,356
85+	1,212	1,238	1,402	1,742	2,161
Total	**3,849**	**4,241**	**4,790**	**5,445**	**6,140**

Source: ABS Census, DPIE, Macroplan

As such, we estimate a current demand for 4,241 dwellings, which will increase to 4,790 by 2026, 5,445 by 2031, and 6,140 by 2036.

5.2 Gap Assessment for Independent Retirement Living

Following our review of future supply and demand of retirement product in the Northern Beaches LGA, we have determined the market positions for Independent Retirement Living dwellings (ILAs and ILUs).

From our analysis and understanding of the Northern Beaches ILU market we have surmised that most retirement villages consist of old and outdated dwelling stock with only 22% of villages being established in the past 10 years. Based on this notion we have assumed that at a minimum, 10% of total stock within the catchment is considered as 'not operational'. Therefore, we have factored in a total supply figure equating to 90% of (actual) existing supply.

At present, there is a shortage of approximately 257 dwellings across the catchment area. However, due to the rapidly ageing profile and an increasing demand for downsizing, we envisage that there will be a wider gap of 363 dwellings in 2026 even though there are an additional 443 proposed new ILUs and ILAs in the pipeline.

Table 11. Forecast Growth in Independent Living Dwellings – Supply and Demand

	2021	2026	2031	2036
Supply	3,984	4,427	4,427	4,427
Demand	4,241	4,790	5,445	6,140
Undersupply/Oversupply	**-257**	**-363**	**-1,018**	**-1,713**

Source: ABS Census, DPIE,, Macroplan

We also anticipate the current market gap to deteriorate to undersupply of approximately 1,018 by 2031 and 1,713 in 2036, **if there is no supply injected from 2026 onwards.**

In our assessment, Northern Beaches LGA is already significantly behind in terms of it providing housing & lifestyle choice for retirees and empty nesters. Macroplan envisages that up to 30% of the existing stocks is not relevant to the current housing market and its movers today. Thus, the 'real' effective shortfall could be a lot worse than the above technical shortfall estimation.

Section 6: Northern Beaches Housing Strategy: Supply and Demand

6.1 Norther Beaches Housing Strategy

The draft Housing Strategy (2020), released in early 2021, sets out the overall framework for growth in housing supply in the Northern Beaches to 2036. Specifically, the key elements it outlined are:

- Projections for growth in demand for housing in the 15 years to 2036, ad projections for growth in demand for seniors housing.
- Projected potential supply based on current planning rules and the result demand-supply gap that this would create in the 15 years to 2036. It also looked at the projected shortfall in affordable housing.
- The proposed approach to planning for the location of growth in housing and economic activity centres within the Northern Beaches.

6.2 Demand

For potential demand, the Strategy Paper uses the DPIE (2019) projections. While the Strategy paper only includes the dwelling projections, these DPIE projections give detailed estimates for growth in the population, including by age; the number in private households and type of households; the numbers and projected need for private dwellings, and the numbers living in non-private dwellings (boarding houses, nursing homes). The DPIE projections extend out 20 years to 2041. These projections are set out in Appendix A.

The Strategy paper uses those projections for number of private dwellings out to 2036 and uses past trends to expand that to include projections by type of dwelling. Macroplan has extended that to incorporate 2041 projections.

The key points in the DPIE projections are:

- Population is projected to rise: from 265,500 in 2016 to 296,600 in 2041 (by 11.7%), while reflecting slightly smaller persons per household, households are projected to grow by 18.7%.
- Whilst couples with children will remain the largest cohort, its share will decline as the population ages. Reflected that older population, single households and couples with no children are expected to account for about 80% of the growth in the number of households.
- Based on the growth in number of households, the number of dwellings is projected to rise from 106,458 in 2016, to 126,403 in 2041.

In the Housing Strategy Paper, SGS have used net completions to estimate actual dwelling stock in 2020 (an increase of 2040 on 2016 estimate). Macroplan also notes that the latest population estimate for 2019 has the population in the NB at 273,000, or already above its projected level for 2021. While COVID is negatively impacting on population growth for Greater Sydney, it is proving positive for NB so that 2021 population is likely to be more like 274,000 to 275,000. It could also translate to higher population in 2026 although not necessarily indicating higher projections are required for 2036.

6.3 Supply

For the Northern Beaches Strategy paper SGS estimated potential new supply in the Northern Beaches under current planning controls. They estimated there was potential for the housing stock to rise by 6,391. As outlined in Tables 11 and 12 these estimates take total developable potential and then exclude developments that are not considered feasible but include developments which are marginally feasible. Adding in 4.360 dwellings for the Frenchs Forest Health Precinct, and the total capacity is 10,751.

Of these 10,751 potential new dwellings, almost all are medium and high-density housing types, with minimal scope for detached housing.

Taking the demand estimates out to 2036 and these supply estimates, the Report estimated the supply shortfall. To 2036, the supply shortfall is estimated at 1,244 dwellings, which is about 2 years supply. If the marginally feasible were excluded the shortfall would be about 2,000 dwellings. The Report notes that "feasibility" might change but does not discuss the factors which would drive that change. A key factor would be prices, with higher prices and rents making the financial case for demolition of old low-density stock and construction of medium/high density dwellings more compelling.

While the Housing Strategy is Towards 2040, the Report chose to not include the DPIE projections for housing demand to 2041. In the period 2036-41, demand for dwellings is projected to rise by an additional 5,140. This would lift the shortfall to closer to 6,400. To accommodate that demand, all properties that are not considered feasible would need to be developed. There are environmental factors which mean that cannot happen but even for a portion that would require sharply higher prices. Even then, however, it is not clear that this supply would be forthcoming.

There is an assumption that all property owners of the properties identified as having (feasible) capacity for denser housing under current planning controls would initiate or agree to allowing redevelopment within the timeframe to 2036, or 2041. It is likely that a proportion would not. This could mean that the shortfall in 2036 is potentially larger than indicated.

6.4 New Supply

The Strategy Paper concludes that ***'If the feasible capacity is insufficient, changes to planning controls will be required to accommodate future growth. However, this is not considered necessary in Northern Beaches LGA in the very short term.'***

In terms of the timeline for changes to planning controls that would increase capacity, the Report identifies the five strategic centres, including Mona Vale, as the first to look at in terms of planning renewal and providing additional capacity. The precise timeline is not indicated. Two other strategic centres (Beacon Hill and Forestville) are referenced for longer-term renewal – again no specific timeline. In addition, local centres are listed as having potential capacity, but no mounts or timelines are indicated.

The five preferred strategic centres have about half the current available capacity for new dwellings under existing polices. Applying the proposed 'Centres Renewal Framework', the Report indicates an additional between 1,730 and 3,390 dwellings could be added to that capacity.

However, in terms of urgency required, we would note the following. There is an average of potentially 4,500 additional dwellings for each 5-year period to 2041, ranging from 3,600 to 5,100. If 4000 dwellings are built in the next five years, this will occur in areas which currently have capacity under current policies but highly likely correspond with areas identifies as having potential for renewal and additional capacity. That is, if 4,000 dwellings are approved, it will reduce the area which under new policies would generate additional capacity.

At the extreme, if the 4,000 new dwellings came from the five strategic centres with current capacity of 4,058, then the scope to add 1,730 to 3,390 dwellings would be gone. Whether it be from these strategic centres or the other centres earmarked for later renewal, the path dependence of development means the potential to add capacity will diminish. Path dependence is the simple point that once new structures are built, those structures (and their density) are locked in for a long time and it would take extreme price pressures to justify knocking down relatively new structures – apart from the waste of resources.

With time a factor eroding the capacity to add potential supply, it follows that the Northern Beaches Council needs to consider the implication of decisions today which diminish the potential to add capacity. Otherwise, the capacity to plug the longer term identified shortfall will be compromised.

The Council cannot legally prohibit developments which comply with existing rules simply to leave room for future demand but denying current demand. That would lead to upward pressure on prices. But, at the very least, it needs to consider applying current policy to maximise the quantity (and diversity) of supply consistent with the direction of policy.

6.5 Diversity of Supply

Aside from the quantum of housing supply, the Strategy Paper also states that ***'Noting the deficit in capacity of around 1,245[3], the current planning framework is not sufficiently addressing the need for more diverse housing choices, including medium density housing. Increased diversity will address people's changing needs and provide more affordable smaller housing to help address affordability.'***

When policy restricts the ability of developers to build a diversity of supply, it has clear implications for affordability. The Northern Beaches is an attractive location for downsizers – without the need to commute to CBD, the lifestyle its coastal location offers is attractive and, while retirees like their space, they will be prepared to trade-off location for space. However, in the absence of scope for building dwellings which would be attractive (in terms of size or location) for downsizers, retirees will tend to stay in the large, detached house which has been the family home. The result is than that the supply of these larger detached dwellings available to the next generation of couples with children will be more limited. Higher income couples with children will be able to bid for this limited stock but middle-income households – including those with family connections in the area – will be priced out of the market. The socio-economic profile of the Northern Beaches will become more skewed.

[3] as discussed above, understated in our view

Table 12. Northern Beaches Housing Capacity Estimates

Zoning	Total	Dwelling Type	Total	Fully Feasible	Marginally Feasible	Total Feasible	Not Feasible
B1, 2	2,056	Medium/high density - above shops	2,838	1,967	221	**2,188**	650
B4, 5	2,155	Medium/high density – other	4,802	3,570	375	**3,945**	857
R3	3,449						
R2	417	Dwelling Houses	120	46	16	**62**	58
Other	241	Other low density	558	117	79	**196**	362
Sub-total	8,318	Sub-total	8,318	5,700	691	**6,391**	1,927
Frenchs Forest	4,360	Frenchs Forest (medium/high density)	4,360	4,360		**4,360**	
Total	12,678	**Total**	12,678	10,060	691	**10,751**	1,927
		Sub-total - medium/high density	12,000	9,897	596	**10,493**	1,507

Source: Northern Beaches Housing Strategy Dec 2020 Tables 9, 10; 11. Total Feasible includes marginally feasible

Table 13. Northern Beaches Housing Demand-Supply Shortfall Estimates

	No. of Dwellings	2036	No. of Dwellings
Notional Capacity	10,751	Notional Capacity	10,060
Projected Demand to 2036	11,995	Projected Demand to 2036	11,995
Shortfall	-1,244	Shortfall	-1,935
Projected Demand to 2041	17,138	Projected Demand to 2041	17,138
Shortfall	-6,387	Shortfall	-7,078

Source: Northern Beaches Housing Strategy Dec 2020 Table 12; Macroplan for 2041

6.6 Location – Where New Housing Will be Built?

The Strategy Paper looks at four different approaches in terms of where it would desirably changes in planning policy to allow new housing to be built. Renewal. Its preferred approach is the Centres Renewal Framework (CRF).

This CRF framework identifies different housing precincts in developable (unconstrained) areas around a centre or public transport stop, within a one kilometre, or a 10-15 minute, walk. These areas are defined as Centre Investigation Areas. The two key areas within a centre identified for renewal are a centre core and a mixed housing area.

‘The Centre Core’ is:

- Highly accessible and in town centre areas - less than 800m to public transport;
- Areas that are logical extensions of a centre where people can easily walk to the centre without facing physical barriers;
- Includes larger sites suitable for redevelopment, or areas with potential for site amalgamations to host additional development; and
- Suited to mixed use developments (with ground floor retail) and higher density housing such as apartments.

‘Mixed Housing Areas’ are:

- Around 800m to 1km from centres and public transport;
- Good amenity, representing opportunity areas closest to assets such as parks and shops;
- Suited to larger lot sizes, typically over 600 sq.m, ready for redevelopment without site amalgamations; and
- Suitable for housing such as townhouses and small-scale apartments of 2-4 storeys.

In terms of this CRF framework, if applied to the Skyline Place site, it would fit into – meet all the elements for - the Centre Core for the Frenchs Forest Strategic Centre.

6.7 Seniors Housing

The Strategy Paper projects that the total number of seniors living places will grow by about 50% in the period 2016-36. Independent living units, which are private dwellings, will grow by 49% while growth in non-private dwellings (assisted living units and nursing homes) will grow by 51% (Table 13 below). We would note that the projections for ILUs by 2036 aligns very closely with the estimates Macroplan has derived in its analysis.

The Paper also projects that boarding houses - a portion of whom will be seniors - will grow rapidly, albeit off a low base, and that altogether non-private dwellings will grow by 62%. This corresponds with the DPIE projection for growth in the population living in non-private dwellings.

The 51% growth in numbers in assisted living units and nursing homes compares with 78% growth in the 85+ age cohort, so there is an implied assumption that a higher proportion will live independently in private dwellings (which includes ILUs). In turn this assumes the Government at-home care packages program will continue to expand and will see older people able to stay in their own home longer.

The projection for independent living units to grow by 49% corresponds with the projected growth in the 70-84 age cohort of 51% over the period. It implies that the ILU share of private housing will marginally decline, particularly with more of the 85+ population expected to be staying in private dwellings.

ILUs directly compete with the general housing market, so the growth of this market segment will depend on its ability to offer a competitive product (in terms of location, space and facilities) to housing in the general market. But in particular it competes with townhouses and apartments for retirees looking to downsize.

The Strategy Paper argues that "seniors housing will require the supply of the right types of seniors housing development in the right locations". This refers to locations which are near services (retail, health, transport) so that locations near strategic centres such as Frenchs Forest are desirable.

The Strategy paper separately argues that "increasingly, seniors housing developments have taken the 'continuum of care' approach, allowing for residents to keep living in one place as they get older by providing different levels of care (from self-contained independent living units to nursing homes and palliative care) on one site."

While there will be a market for ILUs in complexes with nursing homes, there will be retirees who are looking for ILUs which are in proximity to health and medical services, but which are independent from these later-life facilities. These people will be looking to the policy shift towards at home care to allow them to be 'independent' for longer. Some retirees will actually be discouraged from buying into these sort of continuum of care "retirement villages". There is a market for seniors housing which does not look like seniors housing.

Table 14. Projected Northern Beaches Seniors Living

	2016	2036	Change	Change %
ILUs (self-contained)	4,196	6,256	2,060	49%
Units- not self-contained (assisted living)	993	1,495	502	51%
Nursing homes (beds)	1,500	2,265	765	51%
Boarding Houses	102	445	343	336%
Non-private dwellings (no.)	2,595	4,205	1,610	62%
Non-private dwellings (persons)	3,117	5,064	1,947	62%

Source: Northern Beaches Housing Strategy (SGS) Dec 2020 Tables 6 (boarding houses) and 8 (seniors living). ILUs are private dwellings. Assisted living units, nursing homes and borading houses are non-private dwellings. Macroplan estimate of number of person in these non-private dwellings

Table 15. Northern Beaches DPIE (2019) Projected Growth by Age Group[4]

	2016	2036	2041	Change 2016-36	% change 2016-36	Change 2016-41	% change 2016-41
0-19	67,343	68,085	67,347	742	1.1%	4	0.0%
20-54	106,887	99,625	101,403	-7,262	-6.8%	-5,484	-5.4%
0-54	**174,230**	**167,710**	**168,750**	**-6,520**	**-3.74%**	**-5,480**	**-3.15%**
55-69	42,090	52,605	53,962	10,515	25.0%	11,872	26.7%
70-84	23,774	35,919	39,533	12,145	51.1%	15,759	57.4%
85+	6,996	12,477	14,432	5,481	78.3%	7,436	104.0%
55+	**72,860**	**101,001**	**107,927**	**28,141**	**48.13%**	**35,067**	**48.13%**

Source: DPIE

[4] *It is not clear that the SGS methodology has allowed for this.*

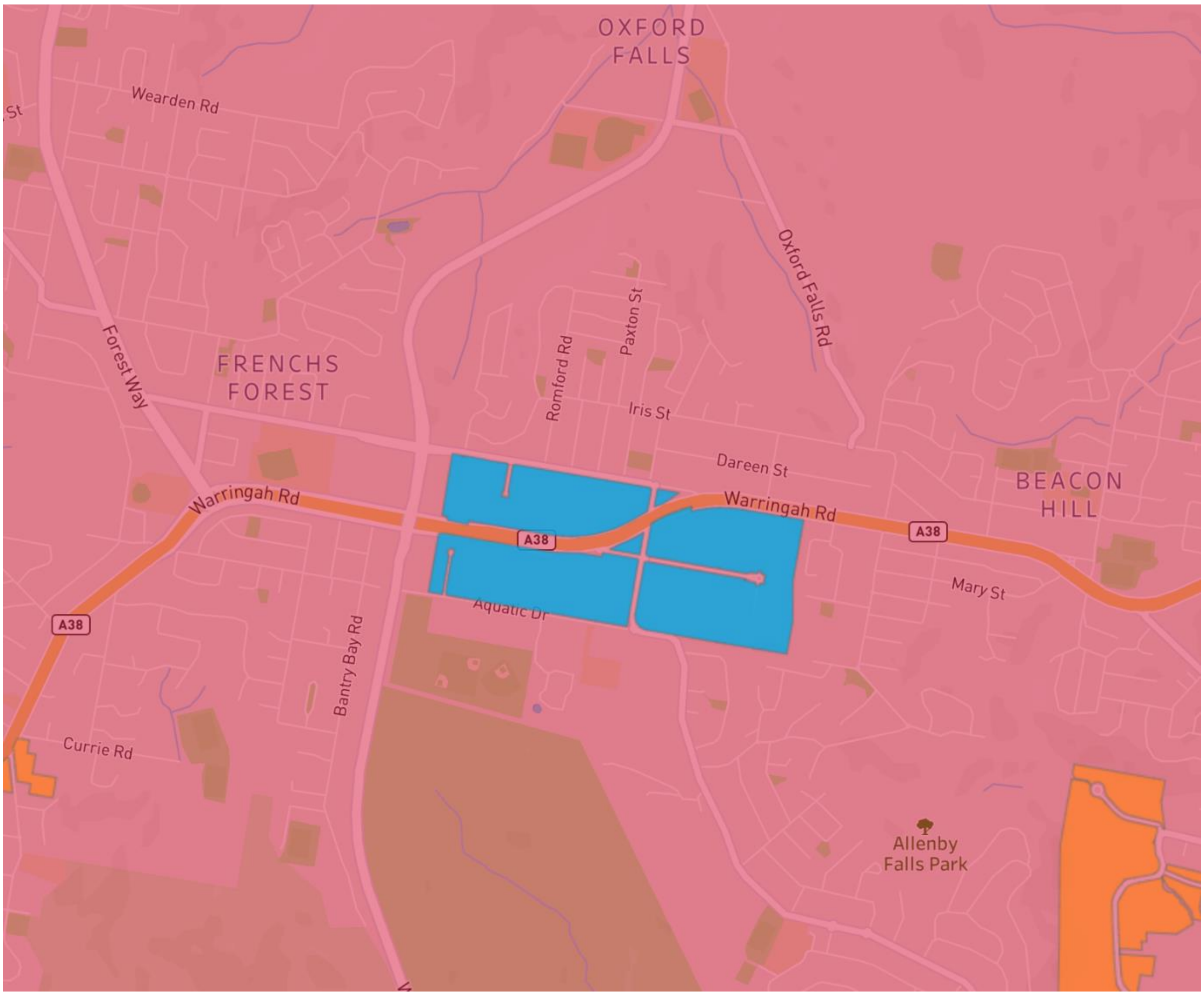
Section 7: **The Frenchs Forest Precinct**

The HillPDA report for Stage 1 provided a comprehensive outline of the recent performance of the Forestridge Business Park and its medium and long-term outlook. In this section, outline the summarise the key points made in that report and update them to account for the developments since 2018 and the completion of the Northern Beaches Hospital and the major associated transport infrastructure.

7.1 Update on the Business Park

According to the Employment Lands Development Monitor (ELDM), it classifies the subject site (i.e. 5 Skyline Place, Frenchs Forest) as a part of 'Frenchs Forest' Precinct (i.e. Forestridge Business Park). An aerial view of the precinct is provided below.

Figure 17. Forestridge Business Park



Source: DPIE (Employment Lands Development Monitor)

Currently ELDM 2019 (January) is the most up-to-date dataset the Department of Planning, Industry and Environment (DPIE) NSW provide.

As of January 2019, there was 56.5 hectares of total zoned employment land contained in the Frenchs Forest Precinct. This is about 17.7% of total zoned employment land in the Northern Beaches LGA. Of the total zoned employment land stock contained in the Precinct, 1.2 hectares were undeveloped as of January 2019. This is approximately 23% of total 'zoned and undeveloped' employment land in the Northern Beaches LGA (i.e., 5.2 hectares).

The ELDM also tracks land take-up by region. For the assessment, Macroplan has adopted the DPIE's definition of 'Take-up' as follow - quantity in hectares of zoned Employment Lands which has changed from 'undeveloped' (vacant) to 'developed' (occupied) over a 12-month period based on Sydney Water data and confirmed by aerial photography and related information. It is defined as the point at which development has commenced on a site and the site is therefore no longer available for development.

Table 16. Annual Average Employment Land Take-up by District, January 2009 to January 2018

District	Annual Average Take-up (ha)
Eastern City	6.0
Central City	58.1
South	5.9
Western City	71.6
North	2.0
- Hornsby	1.19
- Lane Cove	0.19
- Willoughby	0.18
- Ryde	0.05
- Northern Beaches	0.38
+ Frenchs Forest Precinct	0.1
Greater Sydney Total[5]	**143.6**

Source: Employment Lands Development Monitor, Macroplan

Between January 2009 and January 2018, take-up of employment land in the North district only averaged 2.0 hectares per annum, only accounting for 1.4% of total absorption in Greater Sydney. Just about 0.38 ha was taken up annually in the Northern Beaches LGA. Much less than the local government area, the Frenchs Forest precinct only saw a take up of 1.0 ha between 2009 and 2018 (i.e. 0.1 ha per annum).

Having regard for the stock of zoned and undeveloped employment land in the Frenchs Forest precinct and the observed rate of take-up, it is estimated that there is more than 10 years supply of employment land (i.e. 12 years). Therefore, the exclusion of the subject site's allocation is estimated to has a much minor impact on future employment lands supply in the Frenchs Forest precinct and the Northern Beaches LGA generally.

[5] The table lists precincts where in one or more of the years there was take-up of 5 hectares or more. The totals shown in the table include all cases of take-up across the Greater Sydney.

Section 8: Employment Benefits of Proposed Development

Macroplan examined the spatial context of the subject site and consider its employment dividend and its potential role in contributing to the employment future of Frenchs Forest. The assessment considered the employment returns that are achievable as a result of potential development approval compared to the current employment dividend potential (i.e. 'Do nothing' vs 'potential development').

There are three elements to the impact of expansion of a particular industry:

- First, there is the direct employment, value-added (income), and output in that industry.
- Secondly, there is the indirect employment, value-added (income), and output of other industries supplying inputs into the industry.
- The third element is the induced spending impact. This comes from the economic ripples that result from added consumption generated by the added income spent by those employed directly and indirectly. For example, employees spending their incomes at local supermarkets, car dealerships and hotels and these local firms having workers of their own.

8.1 Operational Phase

The Stage 2 development can generate significant employment in the operational phase, a substantial proportion of which will represent local employment opportunities.

8.1.1 Direct Employment

The proposed seniors living units and the additional 1,000 sq.m of commercial/retail floorspace will result in additional on-going employment on site, as well as further jobs throughout the supply chain, including those in industries servicing the future tenants at the site, such as transport workers, Cleaning, maintenance & repair and the likes.

The Table 16 below illustrates the estimated net increase in direct employment (on-site) that could potentially be created if the proposed development at the subject site were to proceed. In estimating the various employment benefits, relevant data and information from various sources is relied upon (e.g., Homes and Communities Agency Employment density guide 2015, the ABS, state and local government agencies), as well as 30 years of experience in preparing assessments of this nature.

As shown, it is estimated that an additional 80 to 100 direct jobs per annum could be generated on site once the proposed rezoning is permitted, and its subsequent development on the subject site is fully completed and operational. Making an allowance of around 10% for employment being redirected from other employment centres, the proposed development could result in a net addition of 72 to 90 jobs.

If the development does not proceed, the site would not provide employment opportunities for an employment sector which is currently in demand. Further to this, it would not provide more employment opportunities for the people of Frenchs Forest and the Northern Beaches LGA generally.

Table 17. Estimated Employment Generation, Subject Site (i.e. Development Approval)

Land uses	Yield	Employment Density	Potential Employment Dividend
Retirement Village	125 ILUs	0.3-0.4 FTE per unit	37 to 50
Commercial	435 sq.m GFA	18-20 sq.m per employee	21 to 24
Allied health	389 sq.m GFA	18-20 sq.m per employee	19 to 22
Retail (F&B)	125 sq.m GFA	30-35 sq.m per employee	3 to 4

Source: Macroplan

8.1.2 Indirect and Induced Employment (Retirement Village)

The following analyses of the 'Residential Care and Social Assistance Services'[6] indicate the linkages with other sectors within the Northern Beaches LGA. Presently, the sector employs 8,085 direct jobs, on this measure total impact is 12,791 jobs, implying a ratio of 1.58 jobs for each direct job. Therefore, the total employment multiplier is 1.58 (i.e., 100 direct 'retirement village' jobs at the future site development will generate about 58 indirect and induced jobs outside the site development).

Table 18. Total Impact of 'Retirement Village' Sector, Northern Beaches (without approval)

	Direct	Indirect	Induced	Total Impact	Ratio Total to Direct
Output ($'m)	951.0	123.4	333.5	1,407.8	1.48
Value Add ($'m)	747.8	56.2	341.0	1,145.0	1.53
Employment (jobs)	8,085.0	461.6	4,244.2	12,790.8	1.58

Source: ABS, macroplan

As discussed before, the planning proposal approval will allow for more employment outcome in terms of direct jobs which means it can generate additional indirect jobs. Based on our multiplier assessment, with approval, 37 to 50 additional direct jobs at the subject site will generate additional 22 to 29 indirect and induced jobs outside the future development at the subject site.

8.1.3 Indirect and Induced Employment (Commercial & Allied Health[7])

The following analyses of the 'Health Care Services'[8] indicate the linkages with other sectors within the Northern Beaches LGA. Presently, the sector employs 10,788 direct jobs, on this measure total impact is 17,741 jobs, implying a ratio of 1.64 jobs for each direct job. Therefore, the total employment multiplier is 1.64 (i.e., 100 direct health care jobs at the future site development will generate about 64 indirect and induced jobs outside the site development).

[6] ABS Input-output tables are published using a different classification to ANZSIC: input-output product categories (IOPC) and input-output product groups (IOPG). These two classification structures do not perfectly align, but the BCAR has attempted to do the best matching possible.
[7] Commercial space for healthcare tenants such as medical consulting, general health & allied health properties.
[8] ABS Input-output tables are published using a different classification to ANZSIC: input-output product categories (IOPC) and input-output product groups (IOPG). These two classification structures do not perfectly align, but the BCAR has attempted to do the best matching possible.

Table 19. Total Impact of Commercial & Allied Health Sector, Northern Beaches LGA (without approval)

	Direct	Indirect	Induced	Total Impact	Ratio Total to Direct
Output ($'m)	1,312.1	296.9	499.4	2,108.5	1.61
Value Add ($'m)	842.1	142.3	417.6	1,402.0	1.66
Employment (jobs)	10,788.0	1,066.2	5,886.8	17,741.0	1.64

Source: ABS, macroplan

As discussed before, the planning proposal approval will allow for more health care services employment outcome in terms of direct jobs which means it can generate additional indirect jobs. Based on our multiplier assessment, with approval, 40 to 46 additional direct jobs at the subject site will generate additional 25 to 30 indirect and induced jobs outside the future development at the subject site.

8.2 Indirect and Induced Employment (F&B Retail Trade)

The following analyses of the 'Food and Beverage Services'[9] indicate the linkages with other sectors within the Northern Beaches LGA. Presently, the sector employs 8,893 direct jobs, on this measure total impact is 14,624 jobs, implying a ratio of 1.64 jobs for each direct job. Therefore, the total employment multiplier is 1.64 (i.e. 100 direct F&B retail jobs at the future site development will generate about 64 indirect and induced jobs outside the site development).

Table 20. Total Impact of F&B Retail Trade Sector, Northern Beaches LGA (without approval)

	Direct	Indirect	Induced	Total Impact	Ratio Total to Direct
Output ($'m)	955.5	329.1	398.7	1,683.3	1.76
Value Add ($'m)	455.2	140.1	252.5	847.9	1.86
Employment (jobs)	8,893.0	878.1	4,852.4	14,623.5	1.64

Source: ABS, macroplan

As discussed before, the development proposal approval will allow for more retail employment outcome in terms of direct jobs which means it can generate additional indirect jobs. Based on our multiplier assessment, with approval, 3 to 4 additional direct jobs at the subject site will generate additional 2 to 3 indirect and induced jobs outside the future development at the subject site.

[9] ABS Input-output tables are published using a different classification to ANZSIC: input-output product categories (IOPC) and input-output product groups (IOPG). These two classification structures do not perfectly align, but the BCAR has attempted to do the best matching possible.

8.3 Market Demand

8.3.1 Official Employment Projections

Employment projections (TZP19) from Transport for NSW (TfNSW)[10] is based on assumptions at a point in time (e.g. major developments, migration patterns, birth rates, etc.) and stated policy objectives. In line with that, Macroplan assumes that these projections were made based on known major infrastructure developments at the time, and on the basis of a desired policy mix of different land uses. Assumptions about these two factors are embedded in the distribution of the projected employment growth for the 2016 to 2036 period.

Macroplan also note that TZP19 employment projections are for employed persons by place of work based on best available data as at late 2019 and does not include impacts from the Covid19 pandemic. Thus, we have adjusted for the impacts of Covid19 pandemic.

In order to assess the primary catchment area, Macroplan has identified the current and future level of employment within the area by utilising the Journey to Work (JTW) data[11] and the latest TZP19 employment figures from the relevant travel zones which most accurately account for the primary catchment area. From this projection data set, Macroplan obtained the Full-time Equivalents (FTEs) by ANZSIC industry code.

Table 21. Employment Projections, relevant industries only, Primary catchment area, 2016-36

ANZSIC Digit 1	2016	2021	2026	2031	2036	Job Growth (2021-36)
Retail Trade	3,052	3,109	3,173	3,274	3,341	232
Accommodation and Food Services	1,339	1,434	1,495	1,576	1,628	194
Health Care and Social Assistance	3,675	5,209	5,703	6,453	7,230	2,021
Total	**8,065**	**9,752**	**10,371**	**11,304**	**12,199**	**2,447**

Source: TPA

In deriving the future office demand, Macroplan applied the following indicative employment densities:

- **'Retail Trade'** – 45 sq.m GFA per employee.
- **'Health Care and Social Assistance'** – 20 sq.m GFA per employee.
- **'Accommodation and Food Services'** – 35 sq.m GFA per employee.

Making an allowance of around 5% of future employees working from home[12], Macroplan estimated that Frenchs Forest will require to provide additional commercial floorspace (including retail & health) of 57,000 sq.m between 2021 and 2036 (approximately 3,800 sq.m per annum).

The development application incorporates the provision of about additional 1,000 sq.m of commercial/retail/allied health floorspace and will therefore contributes to accommodate the future job growth outlined above. The additional employment space at the subject site will not comprise the current town centre's primary role to goods and services, and the opportunity for the local employment function to grow and change over time.

[10] Transport Performance and Analytics (TPA)
[11] derived from the census by the ABS
[12] ABS Census & Macroplan

Section 9: **Other Considerations**

This section considers other economic and community impacts that are achievable as a result of the potential development approval (i.e. Stage 2).

9.1 Ageing Population

By 2036, approximately 1 in 20 seniors of Greater Sydney will live in the Northern Beaches LGA. As the Table 21 below highlights that each of the three seniors' cohorts will grow rapidly over the next 15 years and further and, with the 20-54 age cohort expected to decline, will account for more than all the growth in the LGA. Our research indicates that retirement living is clearly considered a popular option in Frenchs Forest and the Northern Beaches LGA. Many local residents will eventually require more quality senior living housing close to family and friends..

Table 22. Northern Beaches Projected Population Growth by Age Group

	2016	2036	2041	Change 2016-36	% change 2016-36	Change 2016-41	% change 2016-41
0-19	67,343	68,085	67,347	742	1.1%	4	0.0%
20-54	106,887	99,625	101,403	-7,262	-6.8%	-5,484	-5.4%
0-54	**174,230**	**167,710**	**168,750**	**-6,520**	**-3.74%**	**-5,480**	**-3.15%**
55-69	42,090	52,605	53,962	10,515	25.0%	11,872	26.7%
70-84	23,774	35,919	39,533	12,145	51.1%	15,759	57.4%
85+	6,996	12,477	14,432	5,481	78.3%	7,436	104.0%
55+	**72,860**	**101,001**	**107,927**	**28,141**	**48.13%**	**35,067**	**48.13%**

Source: DPIE

9.2 Delivering Local Accommodation Designed for Local Senior Residents

A vast majority of the existing ILUs is over 20 years old and becoming less attractive. Most stocks were developed in the 1980s, under the superseded SEPP 5. The standards for access, open-space, internal unit accessibility amongst many other elements have taken on much greater consideration statutorily as well as in relation to market expectations.

Macroplan's assessment found that only 489 ILU's across 10 retirement villages were delivered in the past 5 years. Key findings from our analysis indicated that:

- Marston Living (Beacon Hill) was the only retirement village established (2019) in the Northern Beaches over the past 3 years.
- No villages were established in 2020 (possibly due to COVID outbreak).
- The majority of dwelling stock injected over the past 5 years is attributed to Warriewood Retirement Village (also know as Anglicare) which accounted for 53% (260 ILU's) of new product within the Northern Beaches.

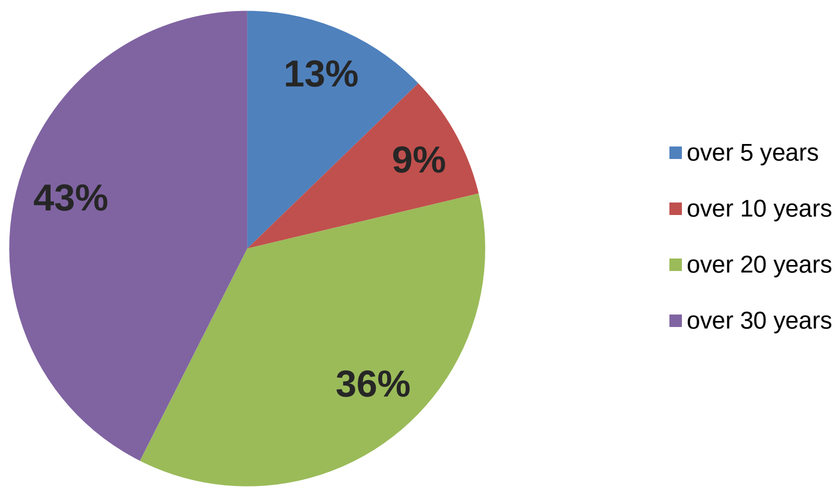
- The significant majority of new dwelling stock injected over the past 5 years was located outside of the primary catchment boundary (397 ILU's or 81% of total ILU stock).
- New stock injected over the past 5 years reflects approximately 11% of total existing stock within the Northern Beaches ILU market.

Table 23. New ILU Developments, 5 years to 2021

Name	Operator	Year Est.	No. ILU	Catchment
Fisher Road North Seniors Housing	Unknown	2015	9	Secondary
Warriewood Retirement Village	Anglicare	2015	260	Secondary
Narraweena Seniors Development	NSW Housing	2016	7	Primary
Narraweena Seniors Development	NSW Housing	2016	13	Primary
Narraweena Seniors Development	NSW Housing	2016	12	Primary
Canopy Forestville	Canopy	2017	28	Primary
Watermark Freshwater	Unknown	2017	73	Secondary
Akuna	Akuna	2017	50	Secondary
Watersedge	Cabe	2017	5	Secondary
Marston Living Beacon Hill	Marston Living	2019	32	Primary

Source: Macroplan

Figure 18. Age of stock, Retirement Villages, Northern Beaches LGA



Source: Macroplan

Wealthier retirees are now looking for modern stock that meets demand for privacy, safety, access, layout and design that have become standard in Australia's property market. Particularly, the proposed development will allow for continuity of care for (current and future) senior residents who are seeking to future-proof their retirement living with integrated services (i.e. allied health).

9.3 New Thinking Needed to Solve the Housing Crisis

The above analyses suggest that, the proposed redevelopment **at the subject site should be supported and approved**. This will primarily focus on modernising the existing retirement living dwelling offering in Frenchs Forest and Northern Beaches LGA generally and allow for it to be provided in denser formats, for higher quality living experience for senior residents with low maintenance (and its cost), privacy and personal space.

Northern Beaches LGA is already significantly behind in terms of it providing housing & lifestyle choice for new families (i.e., Sections 2 & 3). Frenchs Forest and its surrounds has proved to be a difficult location to achieve any residential development. Therefore, allowing more retirement housing developments to encourage older people to sell large houses will free up the housing supply that is tied up in empty bedrooms. This will facilitate the dwelling increase and thus help Councils to increase housing capacity (i.e., Draft North District Plan & Draft Northern Beaches Local Housing Strategy).

The subject site is proximate to both the Ku-ring-gai and Northern Beaches regions and is strategically positioned, with new buildings and density having little to no impact on neighbours. The site itself is large and undulating, which provides the flexibility to deliver a master plan vision for Councils and NSW Government. The development application contrasts with the likely plethora of small projects in suburban areas which create amenity concerns from locals and weigh on the planning system.

Further to this, a risk for the Northern Beaches Council is that to the extent that sites that are developed in the near future are under-utilised, since many of these sites are same ones which would be targeted by rule changes, the capacity to address the looming shortfall will be made more difficult. In the case of Frenchs Forest health precinct, the Strategy Paper incorporates 4,360 dwellings in its assessment of future supply, which does not include the Skyline Place developments.

Frenchs Forest cannot realistically accommodate the expected quantum of additional retirement housing demand without large-scale sites becoming available, effective immediately. In this respect, the subject site presents a key opportunity for Council to assist in delivery of sustainable seniors living communities for retirement.

9.4 The Growing Impact of COVID-19

COVID is influencing the type of seniors housing products in demand. According to a recent survey done by Downsizing.com.au and OverSixty.com.au, there were strong interest in downsizing throughout the COVID19 pandemic. A survey of visitors to both websites, which attract a million people each month combined, found that about 30% of survey respondents were rethinking their options in light of COVID-19. The survey also found that over 60% of survey respondents were considering downsizing during COVID-19 to be in a ‘supportive and helpful community’. The same percentage of respondents also wanted to live in a ‘modern low-maintenance home’.

Macroplan also envisages that more senior residents will appreciate an ‘independent’ living environment. COVID has raised awareness of the retirement living sector in general and it has differentiated independent retirement living from more crowded care homes. It has highlighted the benefits of containment in a village community setting that has a large community area to walk around and more facilities available on-site, so it is a proper community experience while locked down and kept safe.

Appendix A: Growth Projections

Greater Sydney Growth Projections

	Population (million) as at June							Period growth				
	2016 (a)	2019 (e)	2021	2026	2031	2036	2041	2016-21	2021-26	2026-31	2031-36	2036-41
NSW Government (Pre-COVID)	5.02	5.36	5.61	6.13	6.61	7.08	7.53	0.59	0.52	0.48	0.47	0.46
Centre for Population and Macroplan (Post-COVID)	5.02	5.36	5.36	5.60	5.97	6.34	6.73	0.33	0.24	0.37	0.37	0.38

	Households (thousand) as at June							Period growth				
	2016 (a)	2019 (a)	2021	2026	2031	2036	2041	2016-21	2021-26	2026-31	2031-36	2036-41
NSW Government (Pre-COVID)	1,803	1,924	2,031	2,236	2,430	2,625	2,818	227	205	194	195	193
Macroplan (Post-COVID)	1,803	1,924	1,939	2,043	2,196	2,352	2,515	136	104	152	157	163

	Dwellings and Dwelling Demand (thousand) as at June							Period growth				
	2016 (a)	2019 (a)	2021	2026	2031	2036	2041	2016-21	2021-26	2026-31	2031-36	2036-41
NSW Government (Pre-COVID)	1,946	2,075	2,189	2,408	2,616	2,823	3,029	243	219	208	208	205
Macroplan (Post-COVID)	1,946	2,075	2,090	2,201	2,363	2,530	2,704	144	111	163	167	173

Northern Beaches LGA Key DPIE (2019) Growth Projections

	Population (thousand) as at June								Period growth			
	2016 (a)	2019 (a)	2020	2021	2026	2031	2036	2041	2016-36		2016-41	
Population	265.5	273.5	na	269.6	275.2	281.8	288.4	296.6	23.0	8.7%	31.2	11.7%
Households	96.9	99.9	na	99.0	102.3	106.3	110.4	115.1	13.5	13.9%	18.2	18.7%
Dwellings	106.5	108.3	108.5	108.7	112.3	116.7	121.3	126.4	14.8	13.9%	19.9	18.7%
Population in Non-Private Dwellings	3.3	na	na	3.6	4.1	4.7	5.4	6.2	2.0	61.1%	2.8	85.0%

Source: Macroplan, Department of Treasury, TPA

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