207-229 Young Street Waterloo, HDA

Dwelling Mix Justification

Prepared by Colliers Urban Planning
For Coronation Pty Ltd

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Accelerating success.

Acknowledgement of Country

We acknowledge the Traditional Custodians of Country throughout Australia and recognises their continuing connection to land, waters and culture.

We pay our respects to their Elders past, present and emerging.

In supporting the Uluru Statement from the Heart, we walk with Aboriginal and Torres Strait Islander people in a movement of the Australian people for a better future.

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Introduction and Summary

- This Dwelling Mix Justification Statement has been prepared in order to provide economic justification for the Proposed Development as part of the residential development for the HDA at 207 – 229 Young Street Waterloo (Subject Site).
- The Proposed Development seeks to deliver a dwelling size mix that will comprise of 70% 1-bed and studio apartments (Built-to-Rent) that will respond to the identified market demand accommodating singles, professionals, young families and downsizers as well as deliver a more diverse affordable housing options through the delivery of smaller apartments.
- An analysis of the local demographic profile, current and future residential market trends as well as the potential for the Proposed Development to improve affordability and housing choice in the local area is considered.
- The Statement finds that there is strong demand, and a clear market need for smaller dwellings in Sydney Local Government Area (LGA). As such, the studio – 1 bedroom dwelling mix focus proposed at the Subject Site will deliver an appropriate supply response in much-needed smaller dwelling typologies.
- The Subject Site is well positioned, with convenient access to major employment centres, education facilities and a range of nearby transport options. This high level of connectivity makes it an attractive location for new development, particularly for essential workers and young professionals who benefit from living closer to their places of work and study.

The Proposed Development seeks to deliver a dwelling mix that responds to an identified market demand and need to accommodate downsizers, key workers, singles, professionals, as well as deliver on more affordable housing options through the delivery of smaller apartments.

Furthermore, the Proposed Development and dwelling mix will assist in appealing to a broad demographic profile through the provision of a range of dwelling sizes, to ensure alignment with existing and future demographic profile of the City of Sydney.

Table 1 Proposed Dwelling Mix

FINAL	CS	ST	1B	2B	3B	TOTAL
STAGE 1	36	132	118	104	27	417
Share	13%	27%	28%	25%	6%	
STAGE 2	165	6	124	94	20	409
Share	40%	1%	31%	23%	5%	
TOTAL	201	138	242	198	47	826
Share	***24%***	***17%***	***29%***	***24%***	***6%***	***100%***

Source: Coronation

Housing Stock and Diversity

A review of existing dwelling stock as at the 2021 census reveals the following:

- Based on the ABS Census 2021, within the City of Sydney high density dwellings were the most common dwelling type with flats, units and apartments comprising of 78.9% of dwellings followed by semi-detached row or terrace houses comprising of 18.4%. In comparison, at a Greater Sydney level, these dwellings types account for 30.7% and 12.8% dwellings, respectively.
- The bedroom mix indicates that of all dwellings in City of Sydney the most common dwelling mix is 2-bedrooms comprising 42.6% followed by 1-bedroom comprising 31.6% whereas in Greater Sydney 4+ bedrooms (33.5%) followed by 3-bedrooms represent the majority of bedroom-types in terms of dwellings.
- As outlined in this Report, **compact style apartments, studio and 1-bedroom units are likely undersupplied given the demographic profile of the City of Sydney and types of residents that would likely want to reside in the local government area.**
- The Proposed Development is planned to offer a dwelling mix that will comprise of a higher share of smaller high-density apartments of City Starter (CS), Studios and 1-bedroom making up an estimated 70% of the total dwelling component. CS apartments are seeking to provide studio living at a more affordable rental price-point. The smaller sized apartment will be able to accommodate more price sensitive segments of the community, while still providing access to the communal amenities provided across the Subject Site.

The Proposed Development, consisting of mostly CS, studios and 1-bedroom units, would be considered appropriate to complement, support and expand housing supply and diversity in the City of Sydney. The proposed dwelling size mix is well-aligned to the existing and future demographic profile represented within the City of Sydney, and well aligned to segments of the community likely to seek to reside in the LGA including young professionals, lone person households, couples without children.

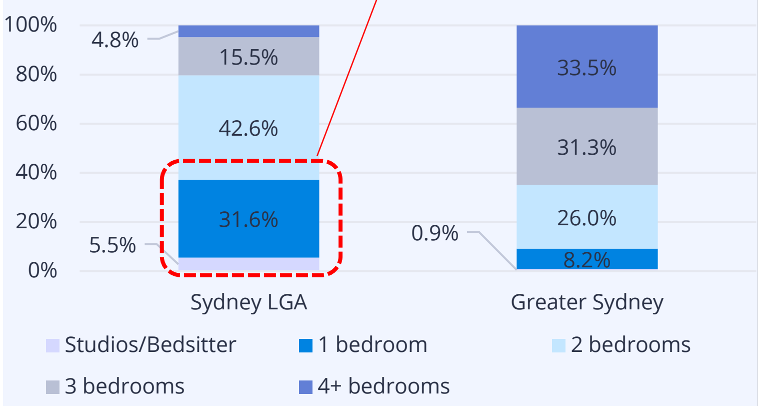

Figure 1 Share of dwellings by number of bedrooms, 2021

Source: ABS Census 2021; Colliers Urban Planning

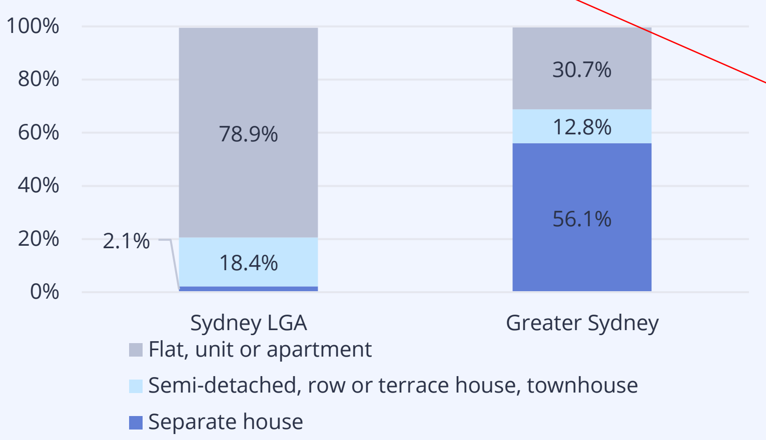

Figure 2 Share of dwellings by type, 2021

Source: ABS Census 2021; Colliers Urban Planning

	City of Sydney		Greater Sydney	
	no.	**%**	**No.**	**%**
Studios/Bedsitter	5,312	5.5%	16,194	0.9%
1 bedroom	30,471	31.6%	147,857	8.2%
2 bedrooms	40,995	42.6%	470,207	26.0%
3 bedrooms	14,960	15.5%	565,467	31.3%
4+ bedrooms	4,579	4.8%	605,424	33.5%
	96,317	100.0%	1,805,149	100.0%

Table 2 Number and share of dwellings by rooms, 2021

Source: ABS Census 2021; Colliers Urban Planning

Demographic Profile

A review of the ABS Census of Population and Housing (2021) for the City of Sydney highlights a local community profile that would be well aligned to smaller dwelling sizes as part of a higher density offering:

- **Higher incomes** with a median annual individual income of $64,700 and a median annual household income of $114,250 in City of Sydney. This is significantly higher than the Greater Sydney benchmark at $45,930 and $108,750, respectively.
- **Residents are typically younger** with a median age of 33.3 years in City of Sydney, compared to 37.3 in Greater Sydney. 42.4% of residents are aged 20-34 years, comprising young professionals and workers who will generally seek to reside in smaller dwellings.
- **Higher density living** with flats and apartments are primarily occupied by smaller households across the City of Sydney and Greater Sydney.
- The City of Sydney has a **higher share of rented dwellings** at 65.0%, compared to 36.1% across Greater Sydney. In the City of Sydney, 70.3% of flats or apartments are being rented, compared to 64.0% in Greater Sydney.
- **Growing population (LGA)** with an additional +29,860 residents over the period 2026 to 2041, reaching 275,590 residents by 2041.
- Future projections indicate the population will continue to age, while average household sizes will decline.

In summary City of Sydney is typically characterized by an affluent community comprising a younger demographic including young professionals working in white-collar occupations and industries such as Professional scientific and technical services (19.8%) and Financial and insurance services(10.8%). Residents typically live in higher density dwellings that are typically rented.

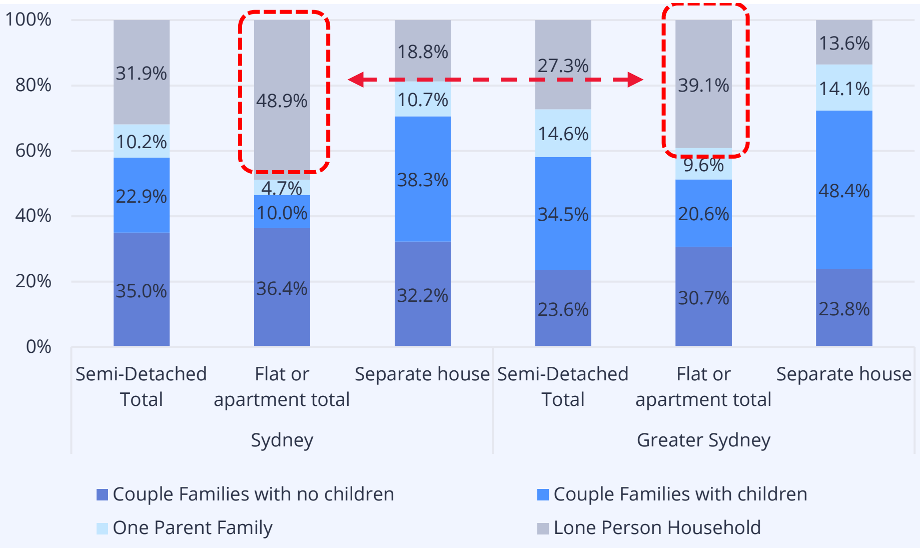

Figure 3 Household composition by dwelling structure, 2021

Source: ABS Census 2021; Colliers Urban Planning

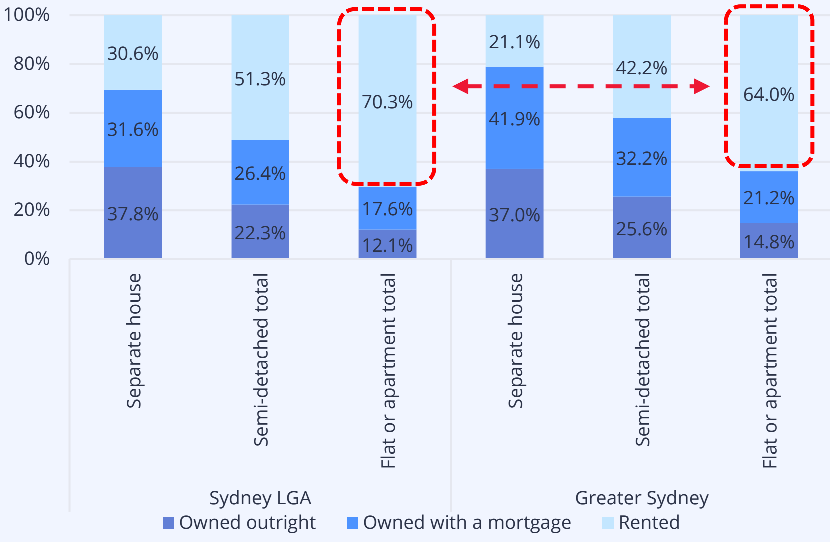

Figure 4 Housing tenure by dwelling structure, 2021

Source: ABS Census 2021; Colliers Urban Planning

Figure 5 Share of residents by age group, 2021

Source: ABS Census 2021; Colliers Urban Planning

Housing Suitability

A review of housing suitability in the City of Sydney shows a misalignment between the typical household need and dwelling size. This could indicate an oversupply of larger dwellings than desired by key segments of the community.

Data from the 2021 Census provides a measure of the alignment of dwelling size to household need. This measure of housing suitability compares the number of bedrooms required (based on population) with the actual number of bedrooms provided in the dwelling. This measure considers factors such as the number of residents within a household, their relationship with each other, their age and sex. This measure helps to identify if a dwelling is either under or over utilised based on the needs of the residents/household. Key findings include:

- **A large share of households (41.2%) in City of Sydney have at least one bedroom spare,** although this is lower than the share across Greater Sydney (67.1%).
- **Couple families with children, and lone person comprise the majority of dwellings with at least one spare bedroom.**
- 51.8% of households are in 'equilibrium' above the Greater Sydney benchmark indicating slightly better alignment in City of Sydney compared to the balance of Greater Sydney. Half of these dwellings are occupied by lone person households.
- A small share of households (7.0%) require at least one additional room. These households are typically couple families with children and one parent families who would typically reside in detached and semi-detached dwellings.

The Proposed Development and planned dwelling mix will help to strengthen housing suitability across the City of Sydney through providing smaller dwellings. This will assist in enabling households to 'right-size' based on their dwelling requirements while also supporting affordability outcomes. This could include down-sizers and lone person households moving from larger dwellings, freeing up dwelling stock for families seeking larger dwellings. As a result, the Proposed Development will better align with housing need across the LGA resulting in a more efficient economic outcome.

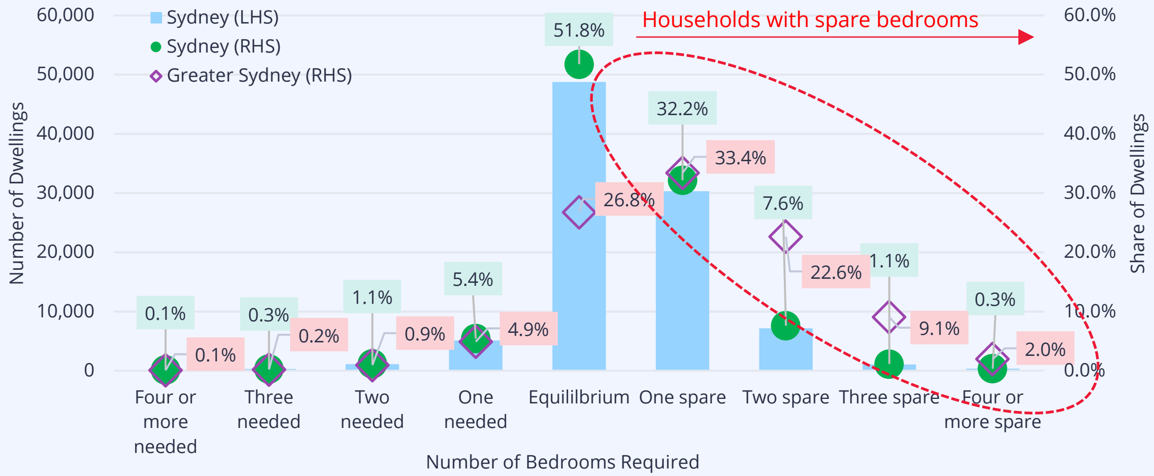

Figure 6 Housing suitability, 2021

Source: ABS Census 2021, Colliers Urban Planning;

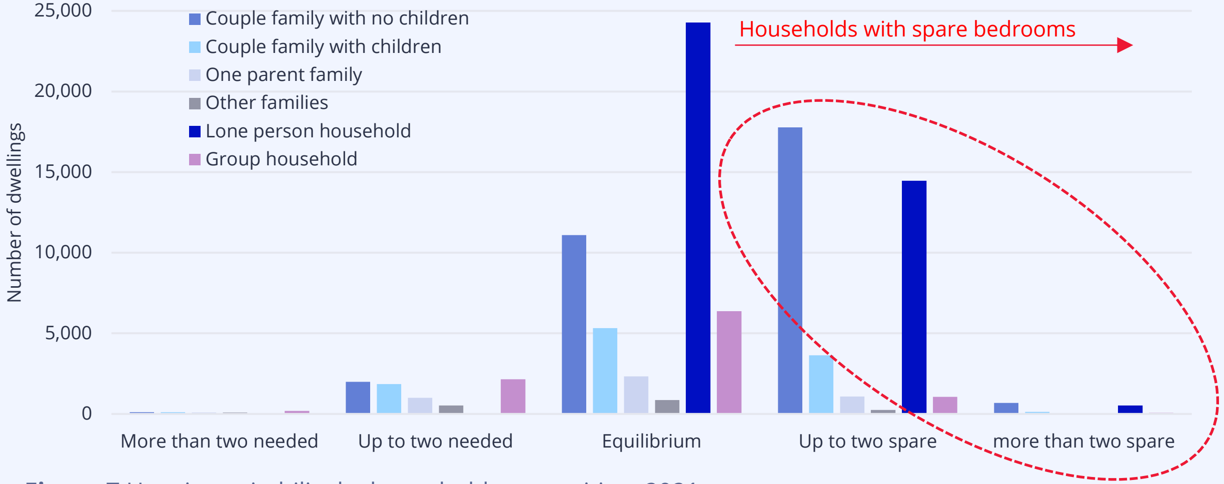

Figure 7 Housing suitability by household composition, 2021

Source: ABS Census 2021, Colliers Urban Planning;
Note: Figures Rounded

Housing Affordability

Housing affordability remains a social, economic and political challenge, particularly in NSW. The ability to provide increased housing stock in key strategic centres and locations, will support affordability and result in increased community benefits.

Measuring housing affordability is a key metric to provide insight into household welfare and there are several different ways to measure this. A typical measure of reviewing housing affordability is expressed as the ratio of housing costs to gross household income. At each Census period, the ABS releases this measure, with 2021 results summarised in **Table 3**.

As at the 2021 Census, rates of housing stress across the City of Sydney are comparable to Greater Sydney highlighting that housing affordability is a particular challenge for households across the local government area.

Key insights from 2021 Census include:

- Of dwellings being rented in the City of Sydney, 33.0% of households were facing rental stress, with rents greater than 30% of household income. This is slightly lower than 35.3% across Greater Sydney.
- Of the dwellings owned with a mortgage in the City of Sydney, 20.8% of households were facing mortgage stress, with mortgage repayments greater than 30% of household income. This compares to 19.8% across Greater Sydney.

Since the 2021 Census, household stress is likely to have increased in line with rising mortgage interest rates and increases in weekly rents. As such, it is likely the figures in **Table 3** understate the housing affordability challenge for households in the City of Sydney and Greater Sydney.

The ability to provide for increased housing supply will help deliver more affordable housing options for the local community. This includes ensuring that dwelling sizes align with community and future household needs.

Table 3 Households in Rental and Mortgage Stress, 2021

Measure	City of Sydney	Greater Sydney
Median Weekly Rent		
Median rent	550	470
Renter households where rent payments are less than or equal to 30% of household income	*60.1%*	*57.0%*
Renter households with rent payments greater than 30% of household income	**33.0%**	**35.3%**
Unable to determine	6.9%	7.7%
Monthly mortgage payments		
Median mortgage repayments	2,700	2,427
Owner with mortgage households where mortgage repayments are less than or equal to 30% of household income (a)	71.2%	69.8%
Owner with mortgage households with mortgage repayments greater than 30% of household income (a)	***20.8%***	***19.8%***
Unable to determine (b)	8.1%	10.4%

Source: ABS Census 2021, Colliers Urban Planning

High levels of housing stress comparable to Greater Sydney (recognized as facing significant housing affordability issues) highlights the need for improved housing affordability through supply and better aligning dwelling sizes with household needs

House and Unit Price Trends

House prices provide an indication of demand from residents who want to live in a particular area and provide an indication of how supply may be responding to demand.

A review of residential market activity, including sales transactions and vacancy rates, has been undertaken for dwellings in the City of Sydney. Data in this analysis has been sourced from Pricefinder and key findings are as follows:

- **House price trends**. Specifically, house prices in City of Sydney show a premium that is 1.55 times greater than the Greater Sydney median, and houses in the postcode 2017 show a premium of 1.32 times greater than the Greater Sydney median. Prices across both areas have increased over the past 10 years.
- **Unit price trends**. Unit prices are less affordable across the City of Sydney and within postcode 2017 showing a premium of 1.16 times higher than Greater Sydney median as at 2025 indicating housing pressures for buyers within the LGA.
- **Vacancy rates**. A low residential vacancy rate of 2.3% was recorded for February 2026 for the postcode 2017 that captures the Subject Site. This rate is below the rate of 3% which is broadly considered to an 'equilibrium rate' in which the residential market is considered to be in balance.

It is evident that dwellings are unaffordable across the City of Sydney, making it difficult for a key segments of the community to reside in the LGA including lone person households, couples without children, key workers, downsizes, and young professionals.

Additional supply of units of the right sizes help to address housing diversity, housing stress and affordability issues across the local government area.

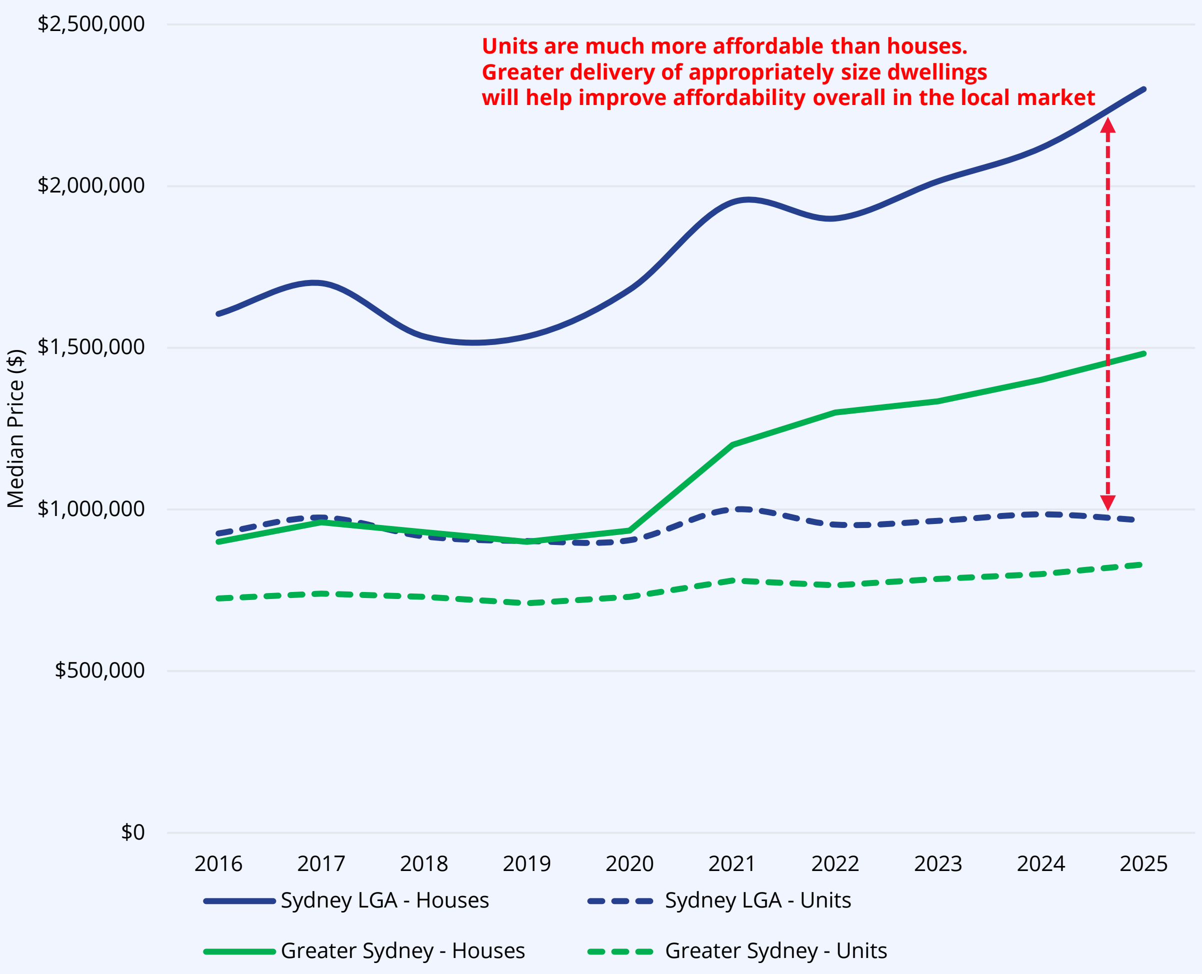

Figure 8 Median Sales Price by Dwelling Type (2011 – 2025)

Source: Pricefinder, Colliers Urban Planning

House and Unit Rents

Market rent data can be used as an indicator of the demand and desirability to live within a local area. Rental data is sourced from the Department of Family and Community Services (FACS) which provides median weekly rents for all dwelling types, houses, flat/units, and townhouses. Median rental data was examined for 2020 and 2025; a summary of the findings is as follows:

- Across the City of Sydney weekly median rents have increased across all dwelling types.
- Median rents within the City of Sydney are typically higher for houses and townhouses and lower for flat/units indicating better rental affordability for flats/units.
- Median rents across flats/units have increased at a faster rate than houses over the same period, growing at an average of 8.7% per annum for all flats/units compared to 6.2% for houses, and 7.4% for all town houses. The higher proportional increase in flat/unit rents compared to houses highlights the increased desirability for these dwelling types, with relative affordability likely to be a key factor.
- Across all dwellings, flats, units and apartments were the only typology achieving close to total market rents and therefore considered to be an affordable option, with the premium for houses and townhouses which are 15% higher than the total market rent prices.

Overall, rental data indicates that City of Sydney remains in high demand as a place to live and rent. Rental growth in recent years has likely contributed to reduced rental affordability for households across the LGA.

Table 4 Median Weekly Rents by Dwelling Size and Type

	2020				2025			
Dwelling Size	**Total**	**House**	**Flat/Unit**	**Town Houses**	**Total**	**House**	**Flat/Unit**	**Town Houses**
Bedsitter	**$397**	$375	$369	-	**$528**	$530	$546	$607
1 bedroom	**$500**	$491	$503	$479	**$760**	$712	$769	$901
2 bedrooms	**$675**	$691	$676	$657	**$1,088**	$963	$1,100	$1,276
3 bedrooms	**$889**	$892	$893	$ 906	**$1,417**	$1,281	$1,486	$1,626
4 or more	**$ 1,075**	$1,112	$1,068	$1,055	**$1,575**	$ 1,546	$ 2,050	$1,769
Total	**$587**	$730	$576	$769	**$855**	$988	$876	$1,099

Source: FACS 2020 and 2025, Colliers Urban Planning

Proposed Development Mix Justification

Dwelling Size	Target Resident and Proposed Unit Mix
Studio (1 person household)	**42% Studios (CS and ST)** • High proportion of lone person households (41.1%) and couple with no children households (30.2%). Both household types are anticipated to account for greater share of total households over the next 10-years. As such **likely underrepresented as a residential product type across the City of Sydney, with likely high levels of latent demand for smaller compact apartments.** • Considered a more affordable option for price sensitive segments of the community seeking smaller dwellings (e.g. 1-bedroom dwellings) • High proportion of existing dwellings with more than one spare bedroom are occupied by lone person households. • City starter (CS) dwellings will be a more affordable option for price sensitive households seeking studio dwellings. **Target Resident** • Students, post-graduates, keyworkers (e.g. healthcare and hospital workers), downsizes and lone person households • Studios are the most affordable unit type for this price point.
1-bedroom (1-2 person household)	**29% 1-bedroom** • High proportion of lone person households (41.1%) and couple with no children households (30.2%). Both household types are anticipated to account for greater share of total households over the next 10-years. As such **likely underrepresented as a product type across the City of Sydney, with likely high levels of latent demand for smaller apartments.** • High proportion of existing dwellings with more than one spare bedroom are occupied by lone person households. **Target Resident** • Lone person households or couple families without children – inbound skilled migrants, young professional couples, healthcare and hospital workers. • 1 Bedrooms are an affordable unit type for these price-conscious cohorts**.**
2-bedrooms (2-3 person household)	**24% 2-bedroom** • 2-bedroom dwellings account for 42.6% of existing dwelling supply. • Couple families with children represent 11.1% of households and group households account for 11.6% of households. **Target Resident** • Couple families with 1 or 2 children (subject to age of the second child), young sharers, downsizers, key workers, group households. • 2-bedrooms are the most affordable 'entry point' for accommodation in a market, particularly in couples with 1 to 2 children.
3-bedrooms (~ 4 person household)	**6% 3-bedroom** • Existing 3-bedroom supply in City of Sydney accounts for 15.5% of existing dwelling supply. • Couple family with children overall represent 11.1% of households compared to 36.1% of households across the balance of Greater Sydney. **Target Resident** • Couple families with 2 or more children, noting that this demographic typically prefer separate houses or townhouse. • Least affordable, particularly if 3rd bedroom is not utilised**.**

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