

Hill PDA Newsletter



Issue No. 1 – July 2008

Who is Hill PDA?

Hill PDA is a specialist property consultancy firm, providing fully integrated capability in land economics, urban planning and real estate valuation.

Established in 1990, it has an enviable reputation for professional, unbiased and independent advice. Today we are respected for our creative, diligent and balanced approach to all facets of our consultancy activities.

The strengths of the practice are derived from the depth and breadth of our experience, our multidisciplinary expertise and our determination to ensure the highest level of professionalism and integrity.

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Housing in Australia is caught in the Horns of a Major Dilemma

'Property prices are notoriously sticky...'

On one side is the rising demand from a growing population, with Sydney alone exhibiting a shortage of 50,000 dwellings in 2007. On the other is an emerging incapacity to fund the high prices that market theory demands.

The dilemma is the tension between physical demand and effective demand. Physical demand follows our immigration policy, fuelled by the need to soften the looming aging population problem. Effective demand is stunted by limited available income and debt capacity at the household level.

Labour force participation and employment levels are at record highs, leaving negligible capacity for households to earn more, even in the environment of strong commodity prices buoying the economy.

The borrowing binge that households began in the early 1990s appears to have sobered with household indebtedness in Australia now close to international record levels.

The development industry needs conditions that can enable it to meet the physical housing needs in an environment where price growth for developed residential space may be modest at best.

Currently the spread in land values between developed and undeveloped land is too narrow to stimulate sufficient construction activity.



The historical reality is that the spread was largely closed by unwarranted speculative capital gains on land, abetted by catch ups in construction costs that had been bottled up following the recession of the late 1980s.

Property prices are notoriously sticky, at least in the direction of correction. This is probably a good thing for general stability.

However, it will slow the recovery in the development industry unless a raft of fundamentals relating to the ability of households to fund their housing costs can be overturned.

Dr Garrick Small, Head of Consulting, Hill PDA.

Hill PDA Team Profile: Property Valuation & Feasibility

Hill PDA has an experienced property valuation team that specialises in property valuations, market research, development feasibility analysis and providing consultancy advice on a range of property development projects. This expertise combined with the team's detailed understanding of the development feasibility software **Estate Master** (designed by Hill PDA and a leader in the Australian development industry), allows Hill PDA to provide a number of valuable services to Councils. These services include:

- Highest and Best Use Analysis
- Reviewing Section 94 Contribution Plans
- Feasibility of potential increases in density for Draft Local Environment Plans (LEP)



Robert Wilson – Valuations Principal

(AAPI) Grad Dip (Urban Estate Management) Adv Dip (Valuation), Adv Dip (Real Estate)

Robert is a Certified Practising Valuer and Land Economist, who's primary responsibility is to manage Hill PDA's Valuation Team. Robert has extensive experience in the property industry, having worked in a number of property consulting firms and agencies.

Robert's experience includes the valuation of residential, commercial and industrial property. It also includes the sales and leasing of residential and commercial real estate, property management, project marketing, feasibility analysis and development strategy.

Roberts Contact Details: 02 9252 8777 or rob.wilson@hillpda.com

Recent Projects Undertaken by Hill PDA

Principals

Managing Principal

Martin Hill
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Property Economics

Adrian Hack
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Economic Planning

Sarah Hill
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Property Economics

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Valuation

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"In the deconstruction of economics there are only two essential goals – optimisation and equity! Hill PDA's mission is to creatively solve this paradigm in a pragmatic manner that maximises our client needs with the enhancement of the economic and physical environment"

Martin Hill
Managing Principal
Hill PDA

Valuation:



400 Harris Street, Ultimo

400 Harris Street, Ultimo has a Gross Floor Area of approx 32,000sqm and Net Lettable Area of 27,000sqm.

Hill PDA was commissioned by the Sydney Harbour Foreshore Authority to assess the current market value of the freehold interest, subject to existing tenancies for current market value. Hill PDA also assessed the current market value assuming vacant possession.

Contact: Rob Wilson

Economic Planning:



Lane Cove Council FSR Review

Lane Cove Council is currently preparing their draft Standard Local Environmental Plan (LEP). As part of the process Hill PDA was asked to test the viability of the proposed Floor Space Ratios (from an economic perspective) for a range of commercial and residential sites and precincts.

The study sought to ensure the viable redevelopment of identified sites and precincts within Lane Cove LGA to meet the dwelling and employment targets established by the Department of Planning.

Contact: Sarah Hill

Economic Planning:



MACROC Regional Employment Study

Hill PDA has been commissioned to undertake an employment study of Sydney's South West Subregion. The Subregion includes the LGA of Liverpool along with the Councils that constitute the Macarthur Region (Campbelltown, Camden and Wollondilly).

The employment study identifies key trends affecting the Subregion's economy and prospects for employment growth and diversity. The study aims to identify key issues from a regional perspective whilst informing the development of local planning policies.

Contact: Sarah Hill

Property Economics:



Sydney Olympic Park Masterplan Review

Hill PDA was invited by the Sydney Olympic Park Authority, as part of a working group, to review the existing Sydney Olympic Park Masterplan.

Hill PDA's advice was sought with respect to matters affecting the viability of the existing Masterplan, particularly around the town centre precinct. Hill PDA also provided economic input into the review of the infrastructure funding plan, including the modeling of different mechanisms to deliver the plan.

Contact: Victoria Tompsett