

The background image shows a single-story building with a grey gabled roof and brick walls. A sign on the building reads "Shire of Serpentine Jarrahdale ADMINISTRATION". In the foreground, there are green bushes and a grassy lawn. Flowering branches with white blossoms are visible in the upper left and right corners. The text "URBIS" is in the top right corner.

URBIS

BYFORD ADMINISTRATION PRESENCE INVESTIGATION

Prepared for Shire of Serpentine Jarrahdale
April 2025

ACKNOWLEDGEMENT OF COUNTRY

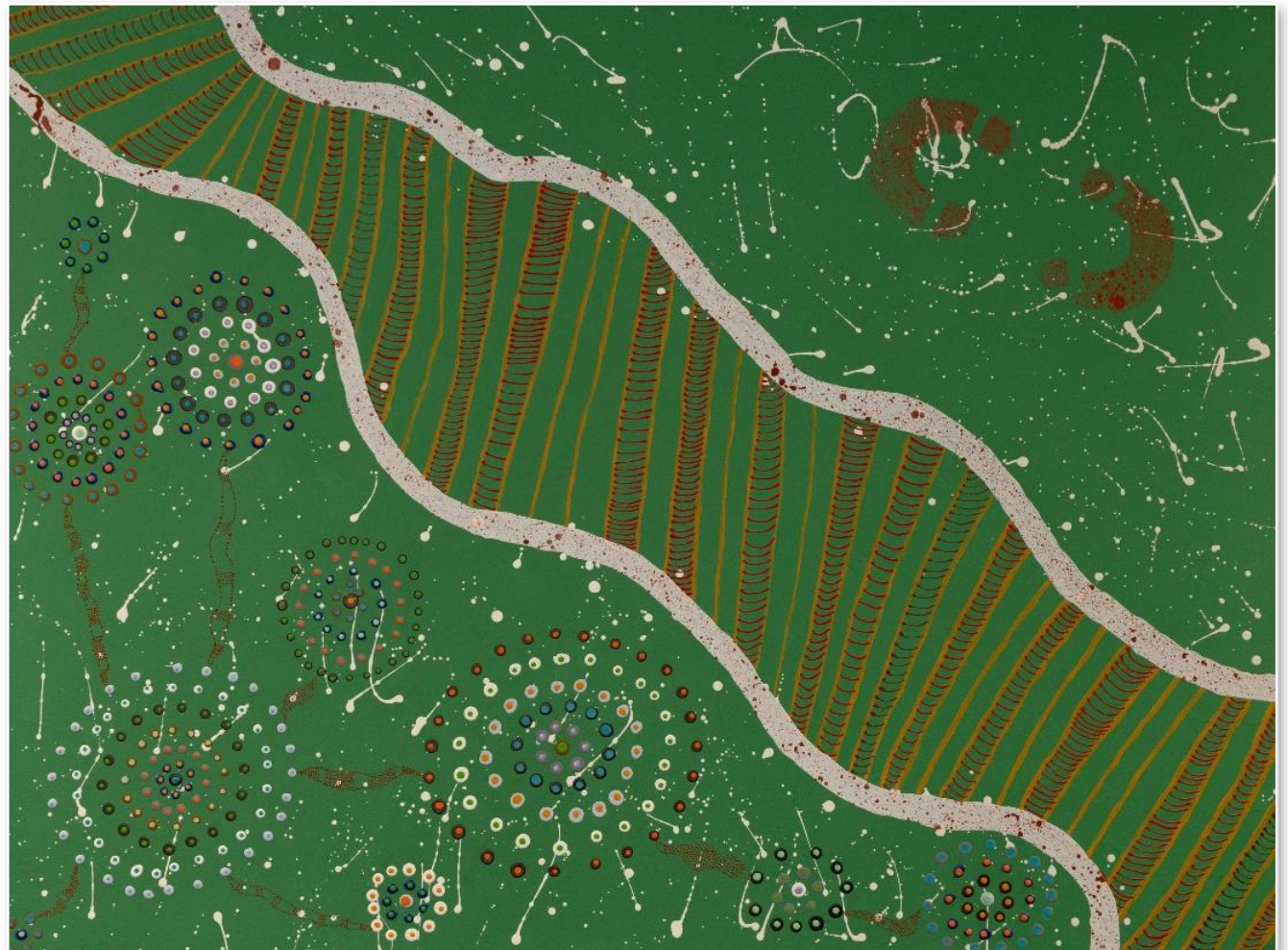
Urbis acknowledges the Traditional Custodians of the lands we operate on.

We recognise that First Nations sovereignty was never ceded and respect First Nations peoples continuing connection to these lands, waterways and ecosystems for over 60,000 years.

We pay our respects to First Nations Elders, past and present.

The river is the symbol of the Dreaming and the journey of life. The circles and lines represent people meeting and connections across time and space. When we are working in different places, we can still be connected and work towards the same goal.

Title: Sacred River Dreaming
Artist: Hayley Pigram
Darug Nation
Sydney, NSW



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EXECUTIVE SUMMARY

A Shire office presence in Byford offers an opportunity to expand service delivery to residents. Comparatively, between a Byford development and the preferred Option 4 Mundijong full redevelopment, a Byford purchase and build scenario is considered to be the most financially advantageous.

Urbis investigated 13 sites within Byford and profiled eight of these. Considering factors such as size, location, ownership and known interest, three sites were shortlisted. These sites are:

- Site 1 - Lot 500 Abernethy Road;
- Site 2 – 26 Abernethy Road; and
- Site 3 – 797/799 South Western Highway.

Market sounding with the owners of these sites revealed that land purchase and build-to-rent options were available to the Shire. In addition, an interim commercial location (Byford Medical Centre) is available for lease. The initial lease option is considered an advantageous interim solution.

Market sounding of Site 3 revealed that timeframes were too short to enable the Shire to achieve any purchase or development at the site and it was ruled out.

The estimated cost to purchase land is approx. \$1.1m (anticipated to be funded from reserves). Construction of a new facility on either site 1 or 2 is estimated to be \$6.9million which is anticipated to be 100% debt funded.

The estimated cost for a built-to-rent option on either site is \$9.3million over 10 years, or \$22.4million over 20 years.

The highest risks associated with either development option are considered to be hidden costs and misalignment of expectations in a build-to-rent

scenario.

Overall, a Byford purchase and build scenario is the most advantageous for the Shire, and the leasing opportunity provides a strong interim solution.

Next Steps

To progress this project, it is suggested that the Shire pursue the Byford Village leasing opportunity to provide an interim solution and, consider whether a strategic land holding (at Site 1 or 2) is desirable. If so, the Shire should;

- Submit an Expression of Interest to the landowners to initiate negotiations;
- Consider a Heads of Agreement with landowners to provide the Shire sufficient time to complete its required processes;
- Once key financial terms are established, determine if the development qualifies as a Major Land Transaction under the *Local Government Act 1995* and prepare a business plan if necessary;
- Seek legal counsel and advisory services; and
- Begin requirements gathering for the design of the new office based on a timeline of around 10 outward years. This is based on an interim leasing arrangement potentially lasting this long.

INTRODUCTION

PROJECT BACKGROUND & PURPOSE

The Shire's civic and governance functions are identified to remain in Mundijong – which is the future regional centre for the Shire – however a Shire administration and customer service presence in Byford warrants investigation given the existing and near-term population in this location and the constraints in the existing premise in Mundijong.

A report by APP Group in 2021 (and updated in August 2023) considered options to accommodate 285 administration staff and determined that the existing Administration Building will not support any future expansion. Numerous options for redevelopment were considered and the preferred option (option 4) was estimated to cost \$41.9 million for a complete new building and additional car bays in Mundijong.

Given the expected staffing growth and significant costs associated with a new building, the Shire examined opportunities and recommendations for innovation in the manner by which Shire staff work and deliver services to the community. As an outcome of this, Council resolved to support a recommendation to explore the establishment of a Shire presence in Byford.

The Byford presence is expected to include space for Shire staff - 50 staff by 2030 and 100 staff by 2040, resulting in a need for at least 1,300sqm of office space.

The Shire of Serpentine Jarrahdale engaged Urbis to identify and analyse potential sites in Byford for the new admin presence in Byford. Investigations were required to understand site and commercial structure / delivery options, with consideration given to leasing existing or new space; purchasing land and building office space; purchasing existing building and refurbishing office space; and alternative approaches that can reduce the Shire's financial burden by leveraging private investment and property assets.

REPORT STRUCTURE

This report is comprised of the following sections:

- **Project Context:** An overview of the projects context and relevant policy considerations.
- **Site Assessments:** Profiles for the long list of sites considered.
- **Development Models:** A review of potential development models, including an assessment of pros and cons.
- **Market Sounding:** Shortlisted sites and an overview of market sounding completed.
- **Financial Analysis:** Financial analysis and risk assessment of the shortlisted options.
- **Next Steps:** Recommendations to progress a Byford presence.

01

PROJECT CONTEXT



PROJECT CONTEXT | BACKGROUND

The Shire's civic and governance functions are identified to remain in Mundijong, which is the central hub of the Shire. As Mundijong develops, the main growth area of the Shire will move south from Byford, with Mundijong expected to grow to 58,000 people by 2050. In contrast, Byford is projected to reach only around 40,000 people within the next decade.¹

Given these trends, preserving the civic and governance functions within Mundijong remains a strategic commitment for the Shire, given it will serve as the centre point and largest regional centre ultimately. However, at this time, most growth is happening in Byford, with about 75% of new homes being built there each year and therefore the population density is currently highest in Byford.

By the middle of the next decade, Byford will have grown to about 40,000 people, with a new activity centre and train station precinct (both currently under development). This presents an opportunity to consider the physical presence and services offered by the Shire's administration.

The activity centre and train station offer improved staff attraction and retention opportunities, through easier and cheaper access to work via new public transport offerings, and retail and population services growing. An administration presence in Byford for the Shire would likely improve community service provision and enhance the overall efficiency and effectiveness of the Shire's operations. This interim dual-centre approach could ensure that both Mundijong and Byford are well-supported, fostering balanced regional development and meeting the needs of the growing population in both areas until such time as it is appropriate to fully focus operations out of Mundijong.

A report by APP Group in 2021 (and updated in August 2023) benchmarked Shire FTE's against the Shire's population to determine how many full time staff will be required through to full build-out of the Shire. The report considered options to accommodate 285 administration staff and determined that the existing Administration Building will not support any future expansion and even a partial refurbishment will not meet staff expectations for a good working environment.

Options for redevelopment were considered and the preferred option (option 4) was estimated to cost \$41.9 million for a complete new building and additional car bays in Mundijong.

Given the above growth forecasts and significant costs associated with a new building, Council subsequently determined to assess options and provide recommendations for short and long term solutions for the establishment of a Shire presence in Byford.

¹ Shire of Serpentine Jarrahdale

PROJECT CONTEXT | POLICY AND STRATEGIC CONSIDERATIONS

The establishment of a Shire administration presence in Byford is guided by comprehensive policy and strategic considerations aimed at fostering sustainable growth, enhancing community well-being, and ensuring efficient service delivery. This initiative aligns with the Shire of Serpentine Jarrahdale's broader goals as outlined in key strategic documents:

- The Council Plan 2023-2033
- Corporate Business Plan 1 July 2024- 30 June 2028.
- Economic Development Strategy 2018-2023 (currently being updated)
- Asset Management Strategy 2024 – 2027
- Shire of Serpentine Jarrahdale 2050
- Community Infrastructure and Public Open Space Strategy



PROJECT CONTEXT | POLICY AND STRATEGIC CONSIDERATIONS (CONT.)

DOCUMENT	KEY FINDINGS
<i>Shire of Serpentine Jarrahdale 2050</i>	The Serpentine Jarrahdale community and organisation have faced challenges such as rapid growth, and pressure on ageing infrastructure. SJ 2050 provides a framework to address these issues and plans to accommodate the expected 100,000 people as part of the Perth and Peel @ 3.5 million initiative. This plan outlines nine important outcomes to establish the quality of life and create a long-term vision in alignment. These include well-being, connected communities, education, Housing and Development, Transport, History and Heritage, Economic Development, Agriculture and Natural Environment. SJ 2050 will guide planning under the Local Government Integrated Planning and Reporting Framework, supporting key strategic documents like the Strategic Community Plan, Corporate Business Plan, Long Term Financial Plan, Local Planning Strategy, annual budgeting, and community facilities planning. Serpentine Jarrahdale is dedicated to this future, aiming for an inclusive, integrated, connected, equitable, and innovative community that honors its heritage and aligns with core values and community aspirations.
<i>The Council Plan 2023-2033</i>	The Council Plan outlines the Shire's strategic priorities and long-term vision. The Plan sets out a mission for A local government that strives for transparency and clear communication with our community, providing excellence in our stewardship in delivering on community priorities. This is driven by 3 main pillars; Thriving, Livable and, Connected. The thriving pillar aims for a well-planned Shire which supports its community to flourish through sustainable growth, partnerships and leadership. Establishing an administrative presence in Byford will support the development of the Byford Town Centre, a focus area under the thriving pillar.
<i>Corporate Business Plan 1 July 2024- 30 June 2028</i>	The Corporate Business Plan is aligned to the Council Plan and acts as a four-year delivery program for the Shires strategic objectives.
<i>Economic Development Strategy 2018-2023</i>	This Economic Development Strategy provides the overall direction as well as a tactical action plan to achieve the community's aspirations of "An innovative, commercially diverse and prosperous economy (pg 31)" as expressed in the Strategic Community Plan 20107-2027 and SJ 2050. The presence of an admin facility in Byford supports the need for improved community and business services to support local economic development within the Byford Town Centre.
<i>Asset Management Strategy 2024 - 2027</i>	This Strategy outlines the implementation and integration of best practice Asset Management planning, management, systems and processes into the organisation's operations. The Strategy is linked to the Shire's Asset Management Policy and Asset Management Plans and is a key element of the Shire's Integrated Planning and Reporting Framework, to support the delivery of the Shire's Council Plan Pillars: Thriving, Livable and Connected. Major objectives in the strategy include: <ul style="list-style-type: none"> ▪ Set service levels to meet community expectations without unnecessary costs. ▪ Regularly update Asset Management Plans (AMPs) with the latest asset data. ▪ Maintain an up-to-date asset register and condition assessments. ▪ Implement the Technology One ALM system for better financial reporting and asset management.

Source: Various Shire of Serpentine Jarrahdale strategies

02

SITE ASSESSMENTS



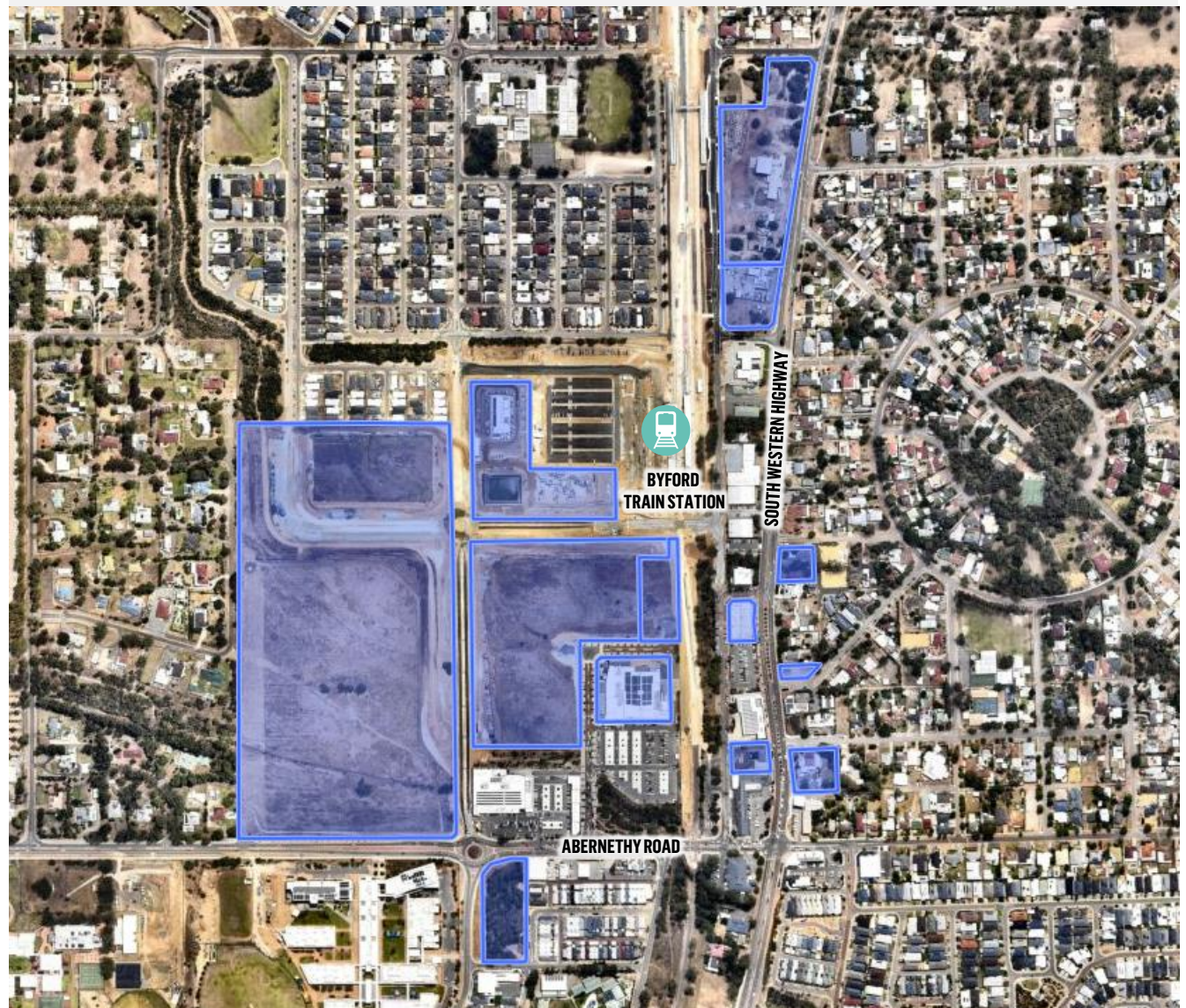
SITE ASSESSMENTS | SITE SUMMARY

The Shire of Serpentine Jarrahdale has set the minimum requirements for a potential site being:

- 50 staff by 2030 (equaling 600sqm office space by 2030);
- 100 staff by 2040 (equaling 1,200sqm office space by 2040);
- An additional 100sqm customer service component;
- Within 800m of the Byford rail station;
- Accessible by pedestrians, public transport and private motor vehicle;
- Sufficient land to accommodate staff and customer parking, with a minimum 30 bays by 2030 and 60 bays by 2040;
- Preference for a multi level building with undercroft parking; and
- Contemporary office layout, with safe and secure amenities, and internal office environment that is healthy building and efficiency based.

The sites considered are located around the Byford train station. To the west of the station, the sites are predominantly vacant lots that form part of larger land holdings. The sites to the east of the station mainly present opportunities for redevelopment. Additionally, this study considered a site for lease as an interim option.

Site locations



SITE ASSESSMENTS | SITE 1



Key Attributes

ATTRIBUTE	DETAILS
Address	Lot 500, Abernethy Road
Lot Details	Lot 500 on Deposited Plan 427715
Area (sq.m)	172,534 (excludes Sansimeon Boulevard)
Owner	Aigle Royal
Zoning	Urban (MRS), Urban Deferred (LPS)
Current land use/s	Vacant Land
Distance to train station	350 m
Existing building condition	N/A



Opportunities

- The development of new roads adjacent to the site (Hammermill Road) will enhance accessibility.
- High public transport accessibility with close proximity to the future Byford Train Station.
- Located within the proposed town centre.
- Ability to explore land purchase, BTR and ground lease options.
- Portion parallel to Abernethy Road is designated “Highway Commercial” with medium density residential behind.



Constraints

- Master planning and subdivision of the site may push back development start.
- Structure plan amendment required if located in residential zone.

SITE ASSESSMENTS | SITE 2



Key Attributes

ATTRIBUTE	DETAILS
Address	26 Abernethy Road
Lot Details	Lot 9001 on Deposited Plan 414923
Area (sq.m)	58,945
Owner	Region Group
Zoning	Urban (MRS), Urban Deferred (LPS)
Current land use/s	Vacant Land
Distance to train station	100 m
Existing building condition	N/A



Opportunities

- The development of new roads adjacent to the site (Hammermill Road) will enhance accessibility.
- High public transport accessibility with proximity to the future Byford Train Station being a walkable distance.
- The larger site allows for a larger development.
- Ability to coordinate a short term tenancy in the shopping centre that is also owned by Region Group.
- Earmarked to be the new town centre. Subject site is predominantly retail with a small proportion of mixed-use area.



Constraints

- Future development plans for the lot are unclear. Also unclear what the owner plans for the site
- The large site will most likely be subdivided.
- Potential risks with site works, similar to the Byford Health Hub project.
- Master planning of the site may push back development start.

SITE ASSESSMENTS | SITE 3



Key Attributes

ATTRIBUTE	DETAILS
Address	797/799 South Western Highway
Lot Details	Lot 12 on Diagram 024405
Area (sq.m)	7,140
Owner	Private – Eren Dervish
Zoning	Urban (MRS), Service Commercial, Showroom/warehouse (LPS)
Current land use/s	House, Auto Repair workshop
Distance to train station	230 m
Existing building condition	Poor



Opportunities

- The site has good frontage from South Western Highway, additional frontage from George Street and Evans Way allowing for flexible development.
- Large site size allows for various development configurations.



Constraints

- Current building condition of the house on the south half of the lot is very poor and would need to be demolished for development.
- While the site is closely located to the train station, it is across the rail line so walkability may be impacted.
- The site is not located directly adjacent to the retail core of Byford.

SITE ASSESSMENTS | SITE 4



Key Attributes

ATTRIBUTE	DETAILS
Address	3 Bushman Glade
Lot Details	Lot 501, Reserve 53923
Area (sq.m)	2,073
Owner	State of Western Australia
Zoning	Urban (MRS), Urban Development (LPS)
Current land use/s	Vacant Land
Distance to train station	50 m
Existing building condition	N/A



Opportunities

- The site is currently proposed for community uses, this includes the Byford library relocation with community facilities. Lot 502 (south of lot 501) is the Byford Health Hub site, delivered by the Department of Health. This presents a strong opportunity to co-locate the Shire's Admin facility with other community uses.
- Full customization is likely possible due to the willingness of government to facilitate shire.
- In close proximity to train station.



Constraints

- The site's size and shape restrict the available street frontage, thereby limiting vehicle access opportunities. However, the site is within a walkable distance to the train station and Byford shops, reducing the necessity for high vehicle accessibility.
- Bushman Glade does not provide a connection across the railway line, limiting the immediate vehicle access network from the western side of the railway.
- The site has limited parking space, and is also preserved for ultimate library use.

SITE ASSESSMENTS | SITE 5



Key Attributes

ATTRIBUTE	DETAILS
Address	Lot 101 Hammermill Drive
Lot Details	Lot 101 on Plan 414922
Area (sq.m)	24,770
Owner	WAPC
Zoning	Urban (MRS), Urban Development (LPS)
Current land use/s	Development Site
Distance to train station	50 m
Existing building condition	N/A



Opportunities

- Unclear when site will be available, at the soonest it would be when the station opens in late 2025 however this is not confirmed.
- Benefits from proximity to train station as it is within walking distance.
- New roads planned will increase accessibility to the site.
- Additional parking options being located next to train station parking lot.



Constraints

- Future development plans for the lot are unclear. Also unclear what the owner plans for the site. The large site will most likely be subdivided.
- The above factors may take the subject site out of alignment with the Shire's objectives.
- State Government may wish to protect this site for another strategic purpose - the Shire has advocated for a TAFE in this location.

SITE ASSESSMENTS | SITE 6



Key Attributes

ATTRIBUTE	DETAILS
Address	858 South Western Highway
Lot Details	Lot 850 on Plan 003644
Area (sq.m)	4,000
Owner	State of Western Australia
Zoning	Urban (MRS), Public and Community Purposes, Civic and Community (LPS)
Current land use/s	Serpentine-Jarrahdale Public Library
Distance to train station	400 m
Existing building condition	Adequate?



Opportunities

- The site is zoned for community use.
- The site is suitable for a multi storey development with under croft parking, given the small land size.
- The Shire owns the site and already has a presence on this site through the Byford Library. This could be reconfigured to provide administration space.
- Site has good exposure with a South Western Highway frontage and is in the Byford town centre.



Constraints

- Development of the site is dependant on the relocation of the current library.
- Trees on the site are registered as significant and could hinder the sites development potential.
- Would need to investigate whether development of the site would be able to incorporate existing buildings or would need to be demolished which would incur additional costs for development.
- Site has been promised to return as a community space once the Library relocates.

SITE ASSESSMENTS | SITE 7



Key Attributes

ATTRIBUTE	DETAILS
Address	20 Abernethy Road
Lot Details	Lot 100 on Plan 414922
Area (sq.m)	261
Owner	Region Group
Zoning	Urban (MRS), Urban Development (LPS)
Current land use/s	Byford Village
Distance to train station	200 m
Existing building condition	Good



Opportunities

- The shopping centre has space available for lease, which provides short term flexibility.
- Can be used as an interim option in order to allow adjacent developments to mature, which will allow the Shire to make a more informed development decision.



Constraints

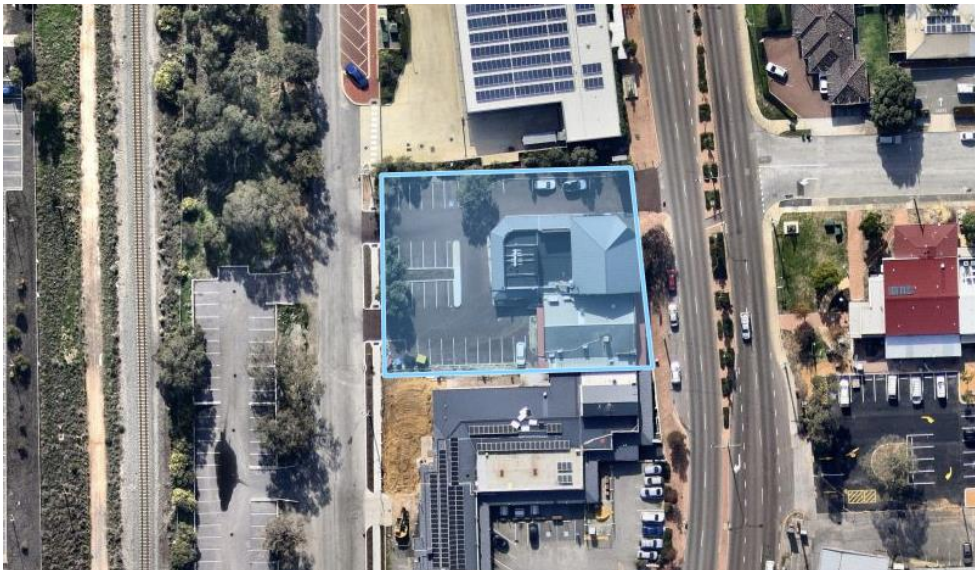
- The office space does not fulfill all requirements/preferences of the Shire.
- Rental prices are typically higher within shopping centres due to co-location premiums, however an administration office does not benefit from it.
- Size of lease area may incur capacity constraints before a new location is found.
- Unlikely to be able to make significant customizations to office space due to position within the shopping centre.

SITE ASSESSMENTS | SITE 8



Key Attributes

ATTRIBUTE	DETAILS
Address	859 South Western Highway
Lot Details	Lot 50 on Diagram 072048
Area (sq.m)	2,236 (593sq.m floorspace)
Owner	Lenz Corp Pty Ltd
Zoning	Urban (MRS), Urban Development (LPS)
Current land use/s	Retail, Restaurant
Distance to train station	350m
Existing building condition	Good



Opportunities

- Site for sale for \$3.8 million
- Opportunity to repurpose building after the lease ends.
- Full customization and sufficient land size will allow shire to achieve long term goals through multi-storey building and undercroft parking.
- Existing building will accommodate operations until 2030 before redevelopment is needed.



Constraints

- Site is currently occupied by several different establishments. Coordinating exit plans may increase workload/time horizon of project.
- May encounter public disapproval due to displacement of favoured sites (Local tavern, staple fast-food chain and local nail salon. Corner building is a unique and identifiable building within Byford).
- Will likely need a full redevelopment to achieve long term goals. The price of existing building is factored into the purchase price, perhaps indicating the investment is not good value for money compared to simply purchasing land and developing from scratch.
- Falls outside proposed town centre

SITE ASSESSMENTS | OTHER SITES CONSIDERED

Other sites considered

	ADDRESS	LOT DETAILS	AREA (SQ.M)	OWNER	ZONING	CURRENT LAND USE/S	DISTANCE TO TRAIN STATION	NOTES
SITE 9	777 SOUTH WESTERN HIGHWAY	Lot 10 on Diagram 024405	28,296	Byford Developments Pty Ltd	Service Commercial	Auto Repair, Vacant Land	350m	The site had an EOI for sale in 2021
SITE 10	LOT 8001 ABERNETHY ROAD	Lot 8001 on Deposited Plan 413949	8,900	State of Western Australia, Shire vested	Public Open Space	Vacant Land	560m	Not currently being used as POS so potential to develop
SITE 11	830-834 SOUTH WESTERN HIGHWAY	Lot 94 on Plan 003644	2,400	Spinnaker Developments	Urban Development	Residential dwellings	180m	Developer purchases land in 2024, option to partner with them
SITE 12	848 SOUTH WESTERN HIGHWAY	Lot 87 on Plan 003644	830	Private	Urban Development	Vacant Land	290m	Option to purchase and develop, smaller lot would require multi-storey building
SITE 13	837 SOUTH WESTERN HIGHWAY	Lot 3 on Diagram 018768	2,050	Universal Property Pty Ltd	Urban Development	Commercial/Retail	170m	Potential to lease space

Source: Urbis, Pricerfinder

03

DEVELOPMENT MODELS



DEVELOPMENT MODEL | LEASING EXISTING OFFICE SPACE

Commercial leasing space refers to the rental of property intended for business use, such as offices, retail stores, warehouses, or industrial facilities. In a commercial lease agreement, a landlord grants a tenant the right to occupy and use the space for a specified period in exchange for regular rental payments. These leases often include terms and conditions regarding the use of the space, maintenance responsibilities, rent escalation clauses, and renewal options.

Leasing existing office space can offer significant short-term benefits in terms of cost, flexibility, and speed of occupancy. However, it may also present challenges related to customization, long-term costs, and control over the property.

Pros and Cons	
PROS	CONS
Cost Savings – there are lower initial investment costs as leasing typically requires less upfront capital compared to purchasing or constructing a new building. Additionally, lease agreements often provide predictable monthly expenses.	Lack of Customisation – existing space may not meet specific requirements (layout, space, design) and modifications can be restricted or costly.
Flexibility – leasing allows for shorter-term commitments, which can be beneficial if future space needs are uncertain. It is also easier to scale up or down based on changing needs	Long Term Costs – Over the long term, renting can be more expensive than owning due to ongoing rental payments. Lease agreements may include rent escalation clauses, leading to increased costs over time.
Speed of Occupancy – Existing office spaces are usually ready for immediate occupancy, reducing the time needed to start operations.	Control and Stability – Dependence on lease terms and the landlord’s decisions can impact stability and long-term planning.
Maintenance and Upkeep – Many lease agreements place the responsibility for major maintenance and repairs on the landlord, reducing the administrative burden on the tenant.	Investment Value – Leasing does not build equity or provide an asset that can appreciate in value over time. Funds spent on leasing do not contribute to an owned asset that could potentially be sold or leveraged.

Source: Urbis

DEVELOPMENT MODEL | PURCHASING LAND TO BUILD NEW OFFICE SPACE

Purchasing land to build new office space involves acquiring a parcel of land and constructing a custom-designed building tailored to the specific needs of the development. This approach allows for complete control over the design and functionality of the space, ensuring it meets current and future requirements. While it requires a significant upfront investment and a longer timeline due to the construction process, it offers long-term benefits such as asset ownership, potential property appreciation, and full control over the property. This model is ideal for a purpose-built solution that can be adapted to evolving needs.

Pros and Cons	
PROS	CONS
Customisation – the new building can be designed specifically to meet the unique needs and requirements, ensuring optimal functionality and efficiency. The design can incorporate future growth plans, providing long-term benefits.	High initial costs – significant upfront investment is required with purchasing land and constructing a new building.
Long-Term Investment – as asset ownership builds equity over time, which can appreciate in value and provide a valuable asset.	Time Consuming – The process of purchasing land, obtaining permits, and constructing a new building can be lengthy, delaying the start of operations. Potential for construction delays due to unforeseen issues, such as weather, supply chain disruptions, or regulatory hurdles.
Control – complete control over the property, including maintenance, modifications, and usage. Ensures long-term stability and continuity of operations without the uncertainty of lease renewals.	Risk and Uncertainty – Risks associated with construction, including cost overruns, contractor issues, and design flaws.
Financial Benefits – the development can potentially generate revenue through leasing unused space to other tenants.	Maintenance and Management – Full responsibility for property maintenance, repairs, and management, which can be resource-intensive. Higher ongoing operational costs compared to leasing, including utilities, insurance, and property taxes.
	Flexibility – Less flexibility to relocate or scale operations quickly if space needs change, compared to the ease of moving from a leased space.

Source: Urbis

DEVELOPMENT MODEL | PURCHASING LAND WITH EXISTING OFFICE SPACE TO REDEVELOP

Purchasing land with existing office space to redevelop involves acquiring a property that already has a building in place, which is then renovated or repurposed to meet the specific needs of the development. This approach can be more cost-effective and faster than building from scratch, as some infrastructure and permits may already be in place. It also offers the potential for sustainability through the adaptive reuse of existing structures. However, it may come with challenges such as hidden structural issues, regulatory hurdles, and design limitations. This model balances cost efficiency with the benefits of property ownership and customization.

Pros and Cons	
PROS	CONS
Cost Efficiency – Redeveloping an existing structure can be more cost-effective than building from scratch, especially if the existing building has usable elements. Some infrastructure, such as utilities and foundational elements, may already be in place, reducing overall construction costs.	Unforeseen Issues – Existing buildings may have hidden issues such as structural problems, asbestos, or outdated systems that can lead to unexpected costs and delays. Redevelopment may face regulatory challenges, including zoning changes, heritage considerations, and compliance with modern building codes.
Faster Occupancy – Redevelopment can be faster than new construction, allowing for quicker occupancy and commencement of operations.	Initial Costs – The cost of purchasing land with existing office space can be high, especially in prime locations. Significant funds may be required for renovations and upgrades to meet the specific needs.
Sustainability – Redeveloping an existing building can be more environmentally sustainable than new construction, as it reduces the need for new materials and minimizes waste.	Design Limitations – The existing building's design and structure may limit the extent of modifications and customization possible.
Investment Value – The value of the property may appreciate over time, providing a long-term investment benefit.	Time and Complexity – Unforeseen issues during redevelopment can cause delays, impacting the timeline for occupancy.
	Maintenance and Management – Full responsibility for property maintenance, repairs, and management, which can be resource-intensive. Higher ongoing operational costs compared to leasing, including utilities, insurance, and property taxes.

Source: Urbis

DEVELOPMENT MODEL | BUILD-TO-RENT MODEL

The build-to-rent model involves entering into an agreement with a developer to lease office space, where the developer builds, owns, and operates a new office building specifically for a long-term lease to the Shire. This approach ensures that the office space is designed to meet the specific needs of the local government, including the capacity to accommodate future growth as per the agreed scope. It is preferred that the office space is part of a larger mixed-use building, which can provide additional amenities and benefits. This model provides predictable monthly expenses and lower upfront costs compared to purchasing and constructing a new building. It offers flexibility to adapt to changing space needs and quicker occupancy, as the developer handles the construction process. However, it also means the Shire does not build equity or own the asset, and there may be long-term costs associated with rent increases and lease renewals. This model is ideal for a flexible, lower-risk solution with modern facilities and minimal initial investment.

Pros and Cons	
PROS	CONS
Cost management – Renting a purpose-built office can provide predictable monthly expenses, aiding in budget planning. Avoids the significant upfront capital required for purchasing land and constructing a building.	Long Term Costs – Over the long term, renting can be more expensive than owning due to ongoing rental payments. Lease agreements may include rent escalation clauses, leading to increased costs over time.
Flexibility – Easier to adapt to changing space needs over time without the long-term commitment of owning property. Leasing allows for shorter-term commitments, which can be beneficial if future space needs are uncertain.	Lack of Equity – Renting does not build equity or provide an asset that can appreciate in value over time.
Maintenance and Upkeep – Many lease agreements place the responsibility for major maintenance and repairs on the landlord, reducing the administrative burden on the tenant. New builds often come with modern facilities and infrastructure, reducing the need for immediate upgrades or renovations.	Control and Stability – Dependence on lease terms and the landlord's decisions can impact stability and long-term planning. Dependence on the landlord for timely maintenance and repairs, which can impact operations if not managed effectively. Changes in property ownership or management can lead to potential disruptions or changes in lease terms.
Risk Mitigation – Lower financial risk compared to owning property, as the local government is not exposed to property market fluctuations. Leverages the expertise of developers who are experienced in constructing and managing office spaces.	Customisation Limitations – The space may not perfectly meet specific needs and modifications can be restricted or costly. Design Constraints: The layout and design of the space may not be ideal for the intended use.

Source: Urbis

DEVELOPMENT MODEL | ASSESSMENT

Development Models Assessment

Utilising the profiled development models, the below assesses each models' attributes and potential implications for the Shire.

ATTRIBUTE	LEASING EXISTING OFFICE SPACE	PURCHASING AN EXISTING BUILDING TO REDEVELOP	PURCHASING LAND TO DEVELOP	BUILD-TO-RENT MODEL
Control	Low	Moderate	High	Moderate
Risk	Low	Moderate	Moderate	Moderate
Financial Return	n/a	High	High	n/a
Flexibility	Low	Moderate	High	High
Market Appetite	High	n/a	High	High
Timing	Short-term	Medium term	Medium term	Medium term

04

MARKET SOUNDING



MARKET SOUNDING | SHORTLISTED SITES

The long-list of sites were considered against a number of criteria including:

- Appropriate size for Shire needs;
- Suitability of location in comparison to other sites;
- Known interest from landowner in working with the Shire;
- Sites that are Shire-owned or managed; and
- Ease of development opportunity.

Through an assessment workshop with the Shire, Sites 1, 2 and 3 were deemed to be the most advantageous to proceed to market sounding. The outcome of the market sounding is detailed overleaf.

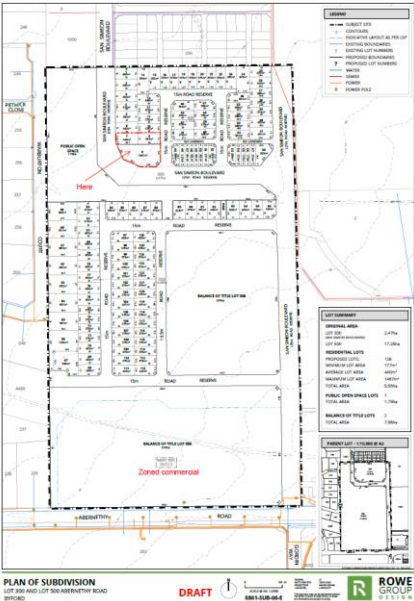
Site Assessment						
SITE	APPROPRIATE SIZE	SUITABLE LOCATION	SHIRE OWNED	KNOWN INTEREST	EASE OF DEVELOPMENT	SHORTLIST FOR MARKET SOUNDING
Site 1 - Lot 500 Abernethy Road	Y	Y	N	Y	High	Yes
Site 2 – 26 Abernethy Road	Y	Y	N	Y	High	Yes
Site 3 – 797/799 South Western Highway	Y	Y	N	Y	Moderate	Yes
Site 4 – 3 Bushman Glade	Y	Y	N	N	Moderate	No
Site 5 – Lot 101 Hammermill Drive	Y	N	N	N	Moderate	No
Site 6 – 858 South Western Highway	Y	Y	Y	N	Moderate	No Market Sounding required
Site 7 – 20 Abernethy Road	Site is available for short-term lease. This has been considered as a potential interim option and was market-sounded by the Shire.					
Site 8 – 859 South Western Highway	N	N	N	N	Low	No

MARKET SOUNDING | SITE 1



Key Details

ATTRIBUTE	DETAILS
Address	Lot 500, Abernethy Road
Lot Details	Lot 500 on Deposited Plan 427715
Area (sq.m)	144,927
Owner	Aigle Royal
Zoning	Urban, Urban Deferred
Current land use/s	Vacant Land
Distance to train station	350 m
Existing building condition	N/A



In principle, Aigle Royal is interested to explore an opportunity further with the Shire.

Currently the site has a structure plan in place and is currently awaiting subdivision approval (by end of March 2025).

There are 3 potential sites for the Shire to consider:

1. Childcare Centre Site 1,467sqm or 2,365 sqm if amalgamate with 2 adjoining residential lots (350 m to train). Structure plan amendment would be required.
2. Subdivide a super-lot from balance of Lot 500 (fronting San Simeon Boulevard (approx. 400m to train)
3. Subdivide a super-lot from balance of Lot 500 (fronting Abernethy Road (approx. 550m to train) - Land use permissibility would need to be investigated based on current structure plan and lodged subdivision plan to ensure office/civic use is permissible or if a structure plan amendment is required.

Aigle Royal are open to considering:

- Sale of land; or
- Build to rent.

Next Steps:

Aigle Royal are able to move quickly as they are not a real estate interment trust (REIT). They have one shareholder (Tony Poli) to make decisions.

To facilitate a transaction, Aigle Royal requires an Expression of Interest (EOI) from the Shire detailing their site preference and terms for Aigle Royal to consider.

MARKET SOUNDING | SITE 2



Key Attributes

ATTRIBUTE	DETAILS
Address	26 Abernethy Road
Lot Details	Lot 9001 on Deposited Plan 414923
Area (sq.m)	58,945
Owner	Region Group
Zoning	Urban Development
Current land use/s	Vacant Land
Distance to train station	100 m
Existing building condition	N/A



In principle, Region Group is interested to explore an opportunity further with the Shire.

Region Group took over Byford Village and the adjacent vacant lot late November 2024. At that time, Centuria did not have any plans for the vacant land.

Region Group are about to commence work on asset strategy and master planning of the site. Timing is good to commence discussions with the Shire to incorporate their office into the masterplan.

For an interim solution, the ex Byford Medical Centre is available for lease (further information on next page).

Region Group are open to considering:

- Sale of land;
- Build to rent; or
- Joint Venture

Region Group advised that tenure is not an issue, but the Internal Rate of Return (IRR) for the investment team is a concern.

Next Steps:

Introduction to Region Group has been provided as per Shire's request. Region Group to send lease details of ex-Medical Centre in Byford Village for the Shire's consideration.

Region Group is part of a Joint Venture, therefore any Expression of Interest (EOI) would need to be taken to the Investment Committee for review/approval. The Shire is required to send their preferred location on their site and terms.

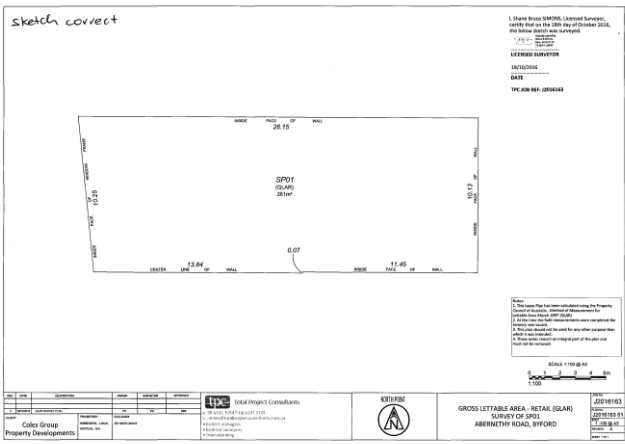
BYFORD VILLAGE LEASE OPPORTUNITY

The Byford Medical Centre in Byford Village is currently available to lease and could serve as an interim solution for the Shire.

Lease Details:

- Area: 261sqm
- Rent is \$482.10/sqm + Variable outgoings (VOs) \$156.90/sqm = Gross Rent \$640/sqm.
- The FY25 budgeted outgoings rate is currently \$156.90/sqm
- Standard rent reviews are proposed at 3.5%
- In terms of tenure, they can be flexible depending on the needs from the Shire etc.

ATTRIBUTE	DETAILS
Address	20 Abernethy Road (fronting Pioneer Rd
Lot Details	Lot 100 on Plan 414922
Area (sq.m)	261
Owner	Region Group
Zoning	Urban Development
Current land use/s	Byford Village
Distance to train station	200 m
Existing building condition	Good



MARKET SOUNDING | SITE 3



Key Attributes

ATTRIBUTE	DETAILS
Address	797/799 South Western Highway
Lot Details	Lot 12 on Diagram 024405
Area (sq.m)	7,140
Owner	Private – Eren Dervish
Zoning	Service Commercial
Current land use/s	House, Auto Repair workshop
Distance to train station	230 m
Existing building condition	Poor



The site has garnered interest and was under an exclusive due diligence period (which ended 25 February 2025).

The landowner is interested to explore an opportunity with the Shire. His preference would be for a straight sale of property or build to rent.

Sale of land: Price \$4.3m + GST, no diligence period, 20 days settlement.

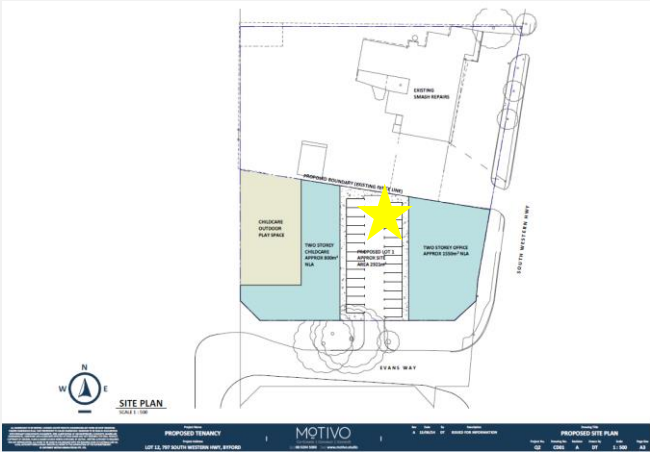
Build to rent: Development proposal: Proposed lot 1 approximately 2,921 sqm land area to comprise of a childcare centre fronting George Street and Shire office fronting South Western Highway with onsite parking. Shire Office Building configuration: 2 storey office building with undercroft parking and exclusive use of half of onsite parking. (see below proposed site plan)

- NLA: 1,300 sqm
- Rent: \$1.4m + GST rent per annum+ Variable Outgoings (VOs)
- Rent review: 2 years rent free, then per annum greater of CPI or 3.5%
- Tenure 15 years + 15 years or 20 years + 20 years

Note: Panel and paint workshop is currently under a lease. They are looking to vacate the property in 2-3 years.

Next steps:

The landowner requires the Shire to send an Expression of Interest (EOI) with their deal structure preference. Urbis has advised the Shire has due process they need to follow and cannot respond in a short timeframe.



05

FINANCIAL ANALYSIS



FINANCIAL ANALYSIS | FUNDING OPTIONS

There are five key funding options to support the delivery of the project. These can be pursued in combination or separately.

To test the most realistic development options for a new administration building, we have assessed the financial impact to the Shire with the following funding option:

- Option 1 – Purchase land and construct new administration office (Construction Loan 100% Debt Funded from Western Australian Treasury Corporation Loan and Land Purchase from Shire Reserves)
- Option 1a – Purchase land and construct new administration office, and enter into a lease agreement as an interim solution
- Option 2 – Enter into a Build to Rent Agreement for a new administration office (Rent payment from Shire Reserves)

There are opportunities for the Shire to explore alternative funding options through external grant funding and/or potential revenue from short term lease of a portion of the new building to a third-party tenant until the full office space is required by the shire. E.g. co-working office space, childcare center. This can be explored as cost savings options once the Shire decide on proceeding with development Option 1 or Option 2.

Funding Options

FUNDING OPTION	DESCRIPTION
Shire Reserves	Drawing on existing municipal reserves.
Shire Operational Budget	Creation of a new operational budget allocation for interim leasing.
Western Australian Treasury Corporation Loan	Debt financing through WATC for an agreed term.
External Grant Funding	External funding from state or federal governments.
Revenue from Short term lease of commercial space	Utilising the income from the rent derived from the new development to contribute towards debt funding until full office utilisation is required.

FINANCIAL ANALYSIS | PURCHASE & BUILD

Option 1 – Shire to Purchase land and construct new administration office

Land Purchase Price: The market value range for a 2,000 sqm site fully serviced range between \$500 to \$600 per square metre (\$1m to \$1.2m). Acquisition Cost for legal fees circa 1.5%. We are assuming the Shire will utilise its reserves and leverage its equity, potentially supplemented by external grant funding, to purchase the land.

Building Construction Cost: We have assumed a hypothetical build of a two storey 1,300 sqm office building with 60 carparking spaces (30 first level / 30 open onsite) based on cost from Rawlinson Construction Cost Guide. We recommend a quantify surveyor to prepare a cost estimate with a concept design for the chosen site. We have assumed the construction to be 100% debt funded.

Construction Loan: The “Annual Debt Servicing Amount” reviews the annual cost obligation to service the principal and interest over the loan term (assessed on each scenario at a repayment period of 10 and 20 years at an interest rate of 4.50% p.a.). The “Total Amount Spent on Interest” reviews the total amount that will be spent on interest in real terms over the repayment period.

Outgoings: \$90/sqm = \$117k per annum.

Under this option, the Shire is liable for an initial land purchase cost of \$1.1m, outgoings of \$117k per annum and annual debt servicing amount of \$854k per annum (over 10 years loan term) or \$522k per annum (over 20 year loan term).

Land and Building Cost Assumptions

		Cost	Total
Land Purchase Price			
Serviced lot 2,000 sqm	\$550/sqm	\$1,100,000	
Acquisition costs	1.5%	\$16,500	\$1,116,500
Building Construction Cost			
Carparking (30 first level / 30 Open)	\$19,640/bay	\$1,178,400	
Construction cost (2 Levels)	\$3,085/sqm	\$4,010,500	
Develop/Fin Management Fees	3.5%	\$181,612	
Planning & Design Costs	12.0%	\$622,668	
Statutory Authority Fees	1.5%	\$77,834	
Legal & Other Costs	1.5%	\$77,834	
FFE (provisional sum)	PS	\$100,000	
IT	PS	\$50,000	
Public Art	1.0%	\$51,889	
Contingency	10.0%	\$518,890	
Total Cost			\$6,869,626

Source: Pricfinder, Rawlinsons, Urbis (n.b. excludes additional infrastructure works if required)

Debt Funding Cost Assumptions

100% Debt Funded Construction Loan Scenario (10 years and 20 years repayment)

	10 years	20 years
Debt Amount	\$6,869,626	\$6,869,626
Total Amount Spent on Interest	\$1,673,858	\$3,560,929
Total Interest and Principal Payment	\$8,543,485	\$10,430,555
Annual Debt Servicing Amount (Principle + Interest @ 4.5%)	\$854,349/pa	\$521,528/pa

Source: Urbis

FINANCIAL ANALYSIS | INTERIM LEASING

Option 1a – Interim Office Lease

Annual Rent: 3.5% annual rent review increase (compound).

Outgoings: \$160/sqm = \$42,000 per annum.

Under this option, the lessor will contribute \$220,000 ex GST towards fit out costs. The Shire will need to set aside budget (estimated \$426k) to top up this contribution.

Cost Assumptions		Cost – 10 + 5 Years
Fit Out (FFE and IT)	Estimate	\$645,714
Fit out (FFE and IT) contribution	Contribution	+\$220,000
Annual Rent	\$482.10 / sqm	\$125,828.10 + 3.5% rent review
Annual Variable Outgoings	\$159.90 / sqm	\$41,733.90
Cumulative total - 15 years		\$3,479,661

Source: Urbis, Region Group, Shire of Serpentine Jarrahdale

FINANCIAL ANALYSIS | BUILD-TO-RENT

Option 2 – Enter into a Build to Rent Agreement (10 Year Lease Term or 10 + 10 Year Lease Term)

	10 YEARS	20 YEARS
Cumulative Rent @\$508/sqm including 3.5% rent review pa	\$7,742,719	\$18,664,590
Cumulative Outgoings @\$100/sqm including 3.5% rent review pa	\$1,525,081	\$3,676,359
Cumulative Rent + Outgoings including 3.5% rent review	\$9,267,801	\$22,340,949

Source: Urbis (See Appendix Assumptions for rent assumptions)

Total Financial Commitment Comparison

CATEGORY	OPTION 1 – PURCHASE LAND / BUILD		OPTION 1A – INTERIM LEASE	OPTION 2 – BUILD TO RENT	
	10 YEARS	20 YEARS	15 YEARS	10 YEARS	20 YEARS
Financing cost / Rent	\$8,543,485	\$10,430,555	\$2,427,938	\$7,742,719	\$18,664,590
Outgoings	\$1,372,573	\$3,308,723	\$626,008	\$1,525,081	\$3,676,359
Initial Acquisition / legal cost	\$1,116,500	\$1,116,500	\$425,714	\$30,000	\$30,000
Total Cost	\$11,032,558	\$14,855,778	\$3,479,661	\$9,297,801	\$22,370,949

Source: Pricfinder, Rawlinsons, Urbis

RISK ASSESSMENT | PURCHASE & BUILD

Based on the market sounding, there are two possible development options for the shortlisted sites – purchase land, or build-to-rent. The below outlines the risk implications of each option.

CATEGORY	RISK	CAUSE	IMPLICATION	IMPACT	MITIGATION MEASURES
Acquisition	Land Acquisition Risks	Inadequate due diligence on the land's history, legal status, or environmental conditions.	Potential legal disputes, unexpected remediation costs, or delays in project commencement.	Moderate	Conduct thorough due diligence
Construction	Environmental and Site Conditions	Presence of soil contamination, unstable ground, or other environmental hazards.	Increased costs for site remediation, potential health risks, and project delays.	Moderate	An environmental impact assessment, include remediation costs in budget
Costs	Financial Viability and Budget Management	Underestimating project costs or overestimating available funding.	Budget overruns, potential funding shortfalls, and the need to secure additional financing.	Moderate	Detailed and realistic budget, including contingencies for unexpected costs
Construction	Contractor and Supplier Reliability	Selection of unreliable or financially unstable contractors and suppliers.	Construction delays, cost overruns, and potential legal disputes.	Low	Include performance bonds and penalties for non-compliance in contracts
Communication	Project Management and Oversight	Ineffective project management or lack of oversight.	Miscommunication, delays, cost overruns, and compromised project quality.	Low	Appoint an experienced project manager
Costs	Future Maintenance and Operational Costs	Underestimating long-term maintenance and operational requirements.	Higher than expected ongoing costs, budget strain, and potential operational disruptions.	Low	Long-term maintenance plan and budget for ongoing operational costs
Design	Adaptability and Future-Proofing	Failure to design the building with future adaptability in mind.	Higher costs for future modifications, reduced functionality over time, and potential obsolescence.	Low	Design the building with flexibility to accommodate future changes and expansions.
Time	Construction delays	Unforeseen issues during the construction phase cause completion delay.	Delayed move-in date, potential additional costs for temporary office space, and disruption to business operations and staff relocation plans.	Low	Adequate contingency between completion and occupancy

RISK ASSESSMENT | BUILD-TO-RENT

CATEGORY	RISK	CAUSE	IMPLICATION	IMPACT	MITIGATION MEASURES
Time	Construction delays	Unforeseen issues during the construction phase cause completion delay.	Delayed move-in date, potential additional costs for temporary office space, and disruption to business operations and staff relocation plans.	Low	Adequate contingency between completion and occupancy
Operations	Lease security	Developer sells the asset during lease period.	Voided lease agreement, potential exit earlier than anticipated, disruption to business operations.	Moderate	Lease assignment/continuity clause
Operations	Operational disruptions	Inefficient property management or maintenance issues.	Frequent service interruptions (e.g., HVAC, plumbing, internet), reduced productivity, and dissatisfaction among staff.	Low	Service agreement within lease agreement
Legal, Financial	Unclear termination clause	Ambiguous or unfavourable termination clauses in the lease agreement.	Difficulty exiting the lease if needed, potential financial penalties, and legal disputes over the terms of termination.	Moderate	Lease review by legal team, flexible exit arrangements
Legal, Financial	Lease terms	Unfavourable lease terms, such as inflexible renewal options, high rent escalations, or restrictive clauses.	Limited ability to adapt to changing business needs, potential financial strain, and difficulty in renegotiating terms.	Moderate	Seek early negotiations to determine viability of option before entering into agreement.
Time	Equity	Developer is unable to secure enough capital for development due to tight lending restrictions.	Delayed construction, lost time for Shire, and a lower quality development.	Moderate	Condition precedent requiring sufficient capital before the contract becomes effective, escrow account, performance bond.
Communication	Misalignment of expectations	Poor communication or lack of clarity about the needs and expectations of both parties.	Disputes and misunderstandings during the construction or lease term, leading to strained relationships and potential legal conflicts.	High	Mediation clause, adequate negotiation time, legal support,

RISK ASSESSMENT | BUILD-TO-RENT (CONT.)

CATEGORY	RISK	CAUSE	IMPLICATION	IMPACT	MITIGATION MEASURES
Financial, Reputational	Overcommitment	Committing to a long-term lease without considering future business uncertainties.	Financial strain and reduced flexibility if business needs change, making it difficult to adapt to new circumstances.	Moderate	Flexible leaser terms, growth provisions, lease exit strategy.
Financial, Reputational	Hidden costs	Failure to identify all associated costs during negotiations.	Unexpected expenses such as maintenance fees, service charges, or fit-out costs, which can impact budget and financial planning.	High	Utilise legal and negotiation advisory services.
Financial, Operations	Failure to address specific needs	Not clearly articulating and negotiating for specific business requirements.	The office space may not fully meet your operational needs, leading to additional costs for modifications or reduced productivity.	Moderate	Customisation allowance in landlord fit out budget, pre-lease inspections, detailed requirement analysis.

RISK ASSESSMENT | INTERIM LEASE

CATEGORY	RISK	CAUSE	IMPLICATION	IMPACT	MITIGATION MEASURES
Operations	Vacant land becomes unavailable or is sold to other parties.	Market demand increases, leading to higher interest from other buyers or lessees. Shire does not act early.	The Shire may lose access to the land, disrupting future administration office projects.	Moderate	Secure a long-term lease agreement with clear terms and conditions. Establish strong relationships with landowners to ensure priority consideration. Monitor market trends and maintain a flexible approach to alternative sites.
Financial, Operations	Lease may be revoked from the Shire suddenly.	Changes in market conditions, legal disputes, or unforeseen maintenance requirements.	Budget overruns and financial strain on the Shire's resources. Satisfaction of staff may reduce.	Moderate	Conduct thorough due diligence and financial planning before entering the lease. Allocate contingency funds to cover unexpected expenses. Regularly review and adjust financial plans based on current conditions.

06

NEXT STEPS



NEXT STEPS

Comparatively, between a Byford development and the preferred Option 4 Mundijong full redevelopment, a Byford purchase and build scenario is considered to be the most advantageous, including a refurbishment of the existing Administration Centre which will be required to maintain its asset life until such time as a new Mundijong Administration Centre is constructed. To ensure short term space requirements are met, a lease of existing office space is recommended. The site for lease in Byford Village is likely suitable as an interim option.

Alternatively, the Shire may consider entering into a lease agreement for the Byford Village site for a longer period which would enable further planning and development of the vacant lots prior to acquisition, reducing Shire costs to develop. This solution, however, does not meet the Shire's space requirements.

Should the Shire proceed directly to land acquisition, a Heads of Agreement is recommended to ensure the Shire has sufficient time to undertake its required processes.

Once key financial terms are determined, the Shire must investigate whether this development is considered to be a Major Land Transaction as per the *Local Government Act 1995* and should prepare a business plan if required.

Legal counsel and negotiation advisory services are recommended to help shape the next steps.

In addition, the Shire must commence requirements gathering for the design of a new office as soon as practicable, to ensure that all requirements are captured adequately.

Comparison

	BYFORD + CURRENT MUNDIJONG (DEVELOP)	BYFORD + CURRENT MUNDIJONG (BTR)	BYFORD INTERIM LEASE + CURRENT MUNDIJONG	NEW MUNDIJONG OPTION 4
Square meterage	2,500	2,500	261	3,628
Administration staff accommodated	193	193	20	297
Car parks	106	106	Unknown	298
Year Operational	2029	2029	2026	2028
Year Capacity Reached	2046	2046	2026	2052
Sub Total cost	\$14.86m (capex, 20 years)	\$24.28m (opex, 20 years)	\$3.48m (opex, 15 years)	\$43.37m (capex)
Mundijong refurbishment	\$12.5m	\$12.5m	\$12.5m	\$0
Total	\$27.36m	\$36.78m	\$15.98m	\$43.37m

Source: Urbis

APPENDIX

ASSUMPTIONS



APPENDIX | ASSUMPTIONS

Build to Rent Financial Analysis

The estimated “as if complete” capital value of a new office building based off a 1,300sqm office, 60 car parking bays on a 2,000 sqm site is \$11.0m. Developers would seek a rental circa \$660,000 per annum (\$508/sqm) to achieve a market yield of 6%.

Outgoings \$100/sqm = \$130k/pa (This option is high than option 1 as the developer would be liable for council rates and land tax)

Under this option, the Shire is liable for an initial annual rental of circa \$660k per annum + \$130k outgoings = \$790k per annum with typical lease terms of 10 years + 10 years option period, 3.5% escalation rate per annum (rent and outgoings).

Source: Urbis

Comparative Analysis

Calculations were determined by:

- Mundijong Option 4 has been delayed by one year to account for this analysis timeframe
- 3.5% escalation applied to Mundijong Option 4 as per APP Group report;
- 30 staff members from existing Administration Office would immediately relocate to Byford once completed to reduce the Mundijong staff to industry benchmark office density of 13sqm per staff member;
- Year Capacity Reached is based on APP Forecast SJ Numbers

This report is dated **April 2025** and incorporates information and events up to that date only and excludes any information arising, or event occurring, after that date which may affect the validity of Urbis Ltd's (Urbis) opinion in this report. Urbis prepared this report on the instructions, and for the benefit only, of **Shire of Serpentine Jarrahdale** (Instructing Party) for the purpose of a **Byford Administration Investigation** (Purpose) and not for any other purpose or use. Urbis expressly disclaims any liability to the Instructing Party who relies or purports to rely on this report for any purpose other than the Purpose and to any party other than the Instructing Party who relies or purports to rely on this report for any purpose whatsoever (including the Purpose).

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