

SPRING 2012

Transit Oriented Development

That was then... this is now!



Transit oriented development (TOD) is now part of growth strategies for cities across the world. Locally, planning policies are being developed to assist integrating the concepts of TOD into Adelaide's urban city landscape.

Most recently, this has included tax concessions to help promote residential development in the CBD and legislation reforms to encourage a mix of uses at various densities to stimulate underutilised laneways, buildings and development sites.

In this paper, Colliers International looks at the concepts and the strategies currently being delivered to revitalise inner Adelaide.



TRANSIT-ORIENTED DEVELOPMENT

In 2010, the Colliers International white paper, *Transit Oriented Development*, considered some of the issues surrounding the debate on how TOD will work for Adelaide. It was our view that Adelaide's CBD should be identified as a high-order TOD and that there are a sufficient number of opportunities to continue to focus on the CBD for major residential development.

Since then, a number of significant city urban renewal projects have been announced including the Riverbank Precinct master plan and redevelopment of Adelaide Convention Centre, the Adelaide Oval Redevelopment and most recently, the revitalisation of Victoria Square/Tarndanyangga.

A VISION FOR VIBRANCY

Two years ago, the South Australian Government released the 30-Year plan for Greater Adelaide. At the heart of this plan was a vision to create vibrant and liveable communities through transit oriented development (TOD). A city with greater connectivity through TOD will provide greater opportunities for this growth. Population numbers are increasing and to ensure forecasts remain on target, TOD planning framework is necessary.

THE 5000PLUS MODEL: A STEP TOWARDS CITY REDESIGN AND RENEWAL

The vision for greater Adelaide began in 2008 when the State Government pioneered the Thinker in Residence program and brought internationally recognised expert and advocate of integrated design, Professor Laura Lee, FAIA, Hon, FRAIA, to Adelaide. Laura Lee's residency was all about design. She focused on creating an integrated approach to design, planning and development to build a more vibrant and liveable Adelaide.

A number of Laura's recommendations have since been implemented. Most notably, this included the development of the Integrated Design Strategy (IDS) for inner Adelaide. IDS was rolled out by the Capital City Committee in May 2011. The pilot project, which is known as 5000plus, is a first in Australia and has been designed as a model to be replicated across Australia. 5000plus is a design-led project for the redesign, renewal and reactivation of inner Adelaide. Since the launch, the Integrated Design Commission has been working with the community to facilitate ideas and possibilities and is now developing guiding principles and framework.

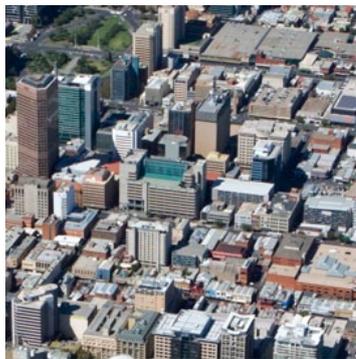
Further to this engagement, in June 2012, Adelaide hosted the inaugural Competitive City Conference where global and national thinkers on urban development gathered to explore the challenges and opportunities confronting our cities.

In short, significant steps are being made to establish and implement strategies to revitalise inner Adelaide.

RESIDENTS BRING VIBRANCY

Increasing the number of residents has the potential to transform the city into a vibrant and liveable community. The stamp duty reform is just one way of encouraging people to live in the city. Along with this reform and IDS's 5000plus project, the Capital City Committee is coordinating initiatives to activate the city. It is clear many parties are working together to revitalise the city.

During the last quarter of 2011, the Committee began trialling temporary alternative uses of the city's public spaces and places to inject vibrancy as part of the City Activation project. They are also looking at ways to enable vacant and under-utilised buildings and office spaces to be converted into temporary community installations. A good example here would be pop-up stores. This trend, which has already got underway in Sydney and Melbourne, sees one-off exhibitions, shopping spaces, restaurants, galleries, theatres and so on, quickly manifest in a temporary city location. It makes better use of vacant space and creates an exciting opportunity to inject a burst of vibrancy in what would have otherwise been an empty and perhaps dull location with little community activity. The Committee is also encouraging residential building conversion and is working on identifying suitable areas and possible city sites for conversion to residential.



STAMP DUTY CONCESSIONS

The stamp duty concessions are for the whole Adelaide City Council area, including North Adelaide, Gilberton and Bowden:

- > **31 May 2012 to 30 June 2014:** a full stamp duty concession for the off-the-plan apartments valued up to \$500,000 (concession up to \$21,330).
- > **1 July 2014 to 30 June 2016:** a partial stamp duty concession for off-the-plan apartments valued up to \$500,000 (concession up to \$15,500). Stamp duty will apply to the notional land value of the apartment and the value of any construction already taken, not the full market value of the apartment.
- > Purchasers of off-the-plan apartments valued at more than \$500,000 will still be eligible for a capped stamp duty concession of \$21,330 or \$15,500 depending on the date of purchase.

Source: Government of South Australia State Budget 2012-13

As the state's premier inner city destination, the CBD needs to undergo a major transformation to ensure population targets are achievable and that it remains one of the world's most liveable cities. While this is not expected to be immediate, a good balance of planning policy combined with promoting these initiatives will do much to stimulate the change in the medium term.

CITY OF LIGHTS

In April 2012, the Property Council of South Australia launched their City of Lights Report. The paper provides a number of recommendations on the vision for the City of Adelaide. Along with a number of other recommended reforms, they advocated the removal of financial disincentives, such as abolishing stamp duty for off-the-plan city apartments and a review of the open space levy, to boost city residential growth.

STAMP DUTY ABOLISHED FOR OFF-THE-PLAN CITY APARTMENTS

Given the importance of higher population levels in revitalising Adelaide, the South Australian Government has now abolished stamp duty for off-the-plan city apartments. The reform, which was announced as part of the 2012-13 Budget, will provide stamp duty concessions for off-the-plan eligible city apartments. In addition, the State Government has extended the First Home Bonus Grant for a further 12 months, keeping it at \$8,000 for eligible first home contracts entered into before 1 July 2013. Originally the Government had decided to reduce this to \$4,000 from 1 July 2012 (new homes). This payment is in addition to the First Home Owner Grant, which is a once off payment of \$7,000 to eligible customers.

CHANGE TO RESIDENTIAL FOCUS

The change to a residential focus echoes the sentiment of Melbourne's Post Code 3000 plan when that was launched in December 1992. The plan, which effectively promoted the city for living, sought to create a vibrant 24 hour city by focusing on design and management of public space, land use, infrastructure development and the provision of a diverse range of recreation, leisure and cultural activities. Until this point, there had been very little residential development. Main components of Post Code 3000 included financial and technical incentives. While financial incentives involved rebates on planning and building, technical support was provided to assist in the successful completion of residential developments.

The success of the program could be measured by the number of units constructed or by the number in the planning approval stages. The completion of these developments had the potential to double the existing population. Two years into the program more than 3,000 units were either in the approval stage, under construction or completed. According to the ABS, in the five years from 1994, the number of residents in the CBD increased from 1,459 to 4,729. Today this number is estimated to be more than 20,000.



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CONCLUSION

Adelaide city is the primary mixed-use hub for metropolitan Adelaide. An increased population will provide better growth prospects for the city and introducing stamp duty reforms is one way to encourage a mix of uses at various densities and help create an innovative, cultural and vibrant inner city hub. That said, there still needs to be a desire to utilise and develop underutilised buildings and sites within the CBD. There are a large number of potential development sites in the CBD as well as existing buildings that could be redeveloped or refurbished to accommodate residential demand. The city needs to be more competitive and to do that we need to increase the number of people that live here. It needs to be vibrant, culturally diverse, innovative and dense as well as highly pedestrianized with access to public transport and public spaces. By allowing higher density mixed-use development the CBD has the potential to become this place.

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