



# SDA PRICING REVIEW INSIGHT

JUNE 2023

Following a significant period of industry consultation, the National Disability Insurance Agency (NDIA) delivered the first Specialist Disability Accommodation (SDA) Pricing Review on 16 June 2023.

With the input of a wide variety of industry stakeholders, the Review forms a comprehensive re-evaluation of pricing variables, mechanisms and numerous other recommendations formulated to guide market investment and provide optimal outcomes for participants.

## SNAPSHOT OF THE KEY CHANGES

We've provided below a snapshot of key recommendations.

- New Build Base Prices Changes/Highlights by Build Type: House, with the largest increase in mean funding of 83.8% and Apartment with the lowest increase in mean funding of 16.7%. Overall, on average Base Price funding has increased by 40.1% on average.
- New Build Base Prices Changes/Highlights by Design Type: Improved Liveability, with the largest mean increase of 105.3% and High Physical Support with the lowest mean increase of 9.9%.
- Location Factor Changes/Highlights by States: Overall, there is a significant increase in regional SA4s in each State and an increase in metropolitan SA4s, particularly in Melbourne and Brisbane. The mean increase in location factor is 0.81%.
- Fire Sprinkler Allowance to be applied on a lump sum basis equating to an adjustment of between 1.8% - 8.7% across build types.
- Proposed vacancy rate assumptions have been increased to better encapsulate initial vacancy and letting up periods.
- Change in timing of 'New Build' funding from upon issuance of occupancy permit to first date a provider is eligible to claim an SDA amount in respect of an SDA eligible participant.
- Bifurcation of SDA Base Prices based on whether GST Input Credits have been claimed.
- Indexation of Annual Benchmark SDA Amounts and Participant Plans to occur in line with the Consumer Price Index (CPI).
- The NDIS is to provide more accurate, and census driven market stewardship with a more active approach to supply/demand tracking.

Mean Increase in SDA Base Price					
<b>16.7%</b> Apartments		<b>35.2%</b> Villas		<b>83.8%</b> Houses	
				<b>50.1%</b> Group Homes	
<b>9.9%</b> High Physical Support			<b>36.2%</b> Fully Accessible		
<b>105.3%</b> Improved Liveability			<b>24.2%</b> Robust		
<b>40.1% overall</b>					
Mean Change in Location Factors					
Melbourne	<b>-1.17%</b>	Adelaide	<b>5.29%</b>	Brisbane	<b>2.97%</b>
Sydney	<b>-5.06%</b>	Perth	<b>-0.03%</b>	Regional SA4s	<b>2.41%</b>
<b>0.81% overall</b>					



## MARKET IMPACT

- As a direct function of a significant uplift in funding, we expect to see increased development appetite for Improved Liveability accommodation.
- The combination of decrease in apartment base price funding and increase in regional location factors is expected to shift supply/demand outcomes.
- We anticipate a reconsidered approach to participant mix projections and adjustments to existing let up strategies.
- Stakeholders will have more certainty, which will likely increase transaction volumes and development activity – particularly in metropolitan regions across Australia.
- Variance of changes in funding levels will have an impact on occupancy and investor return profiles.
- Adjusted Base Price Funding in accordance with tax (GST) status and fire sprinkler allowance is likely to impact market pricing, with separate economies expected.
- We expect to see an increase in quality product accommodation outcomes.
- There will likely be stronger incentivisation for tenant providers/operators to achieve better placement outcomes for participants.

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