

Assessment of Long-term Vacant and Underutilised Sites for Housing

Strategic Alignment - Our Places

Public

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City Planning, Development and Business Affairs Committee

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EXECUTIVE SUMMARY

The purpose of this report is to advise of the outcomes of the investigation into the housing potential for long-term vacant properties and underutilised land and buildings in the City of Adelaide completed in 2025/26 as a strategic project of the Council's Housing Strategy – Investing in our housing future (Housing Strategy).

The project objective was to identify evidence-based actions available to the City of Adelaide to activate vacant and underutilised properties for housing.

The City of Adelaide completed the assessment with the support of consultants Hudson Howells, Future Urban and BDO to:

- Identify long-term vacant properties, underutilised land and buildings, and significant upcoming vacancies.
- Analyse spatial distribution and key policy and land use factors contributing to vacant and underutilised land and buildings within the City of Adelaide.
- Undertake stakeholder engagement and analysis of the barriers to housing development in the city and mechanisms to address the barriers.

The Analysis and Implementation Findings are provided in **Attachment A**.

The project and its deliverables were commissioned and completed prior to Council's 14 July 2026 decision requesting the Administration prepare a report back to Council by September 2026 outlining current approaches taken to mitigating building vacancy and underutilisation. This report addresses Council's decision of 14 July 2026 as it relates to housing assessment.

The project is informed by background investigations; ground-truthing; stakeholder engagement with property owners, development industry representatives and State Government representatives; and scenario testing of five representative sites drawn from the ground truthing dataset.

The assessment identified 1,986 vacant or underutilised properties across the City of Adelaide local government area. Of these, 491 properties were assessed as being of high potential for future use with a further 1,415 assessed as moderate potential, and 80 assessed as having some potential. This evidence base has been mapped in the City Plan digital platform CoADE and provides the foundation for a future implementation program.

A key finding of the analysis is that many vacant and underutilised properties remain inactive because the economics of activation do not currently work, owners lack the capability or information needed to pursue viable options, or the barriers lie outside the City of Adelaide's direct control. These barriers include construction cost escalation, post-approval compliance costs, infrastructure augmentation requirements, financing constraints, heritage obligations, ownership complexity and the absence of a coordinated mechanism to match properties with the right intervention pathway.

The recommended response is therefore tailored to the many contributing factors to long term vacancy in the form of a targeted and sequenced activation program combining case management, direct owner engagement, targeted rates and fee concessions, development assessment streamlining, adaptive reuse pathway reform (including enhanced support through the City of Adelaide's Adaptive Reuse City Housing Initiative (ARCHI)), prioritised State Government advocacy and a reusable property prioritisation framework.

The 2026/27 Business Plan and Budget includes \$100,000 to implement actions in the City of Adelaide's Economic Development Strategy relating to residential living and housing which will be used to progress the findings of the vacant and underutilised sites assessment.

The following recommendation will be presented to Council on 8 September 2026 for consideration

RECOMMENDATION

THAT THE CITY PLANNING, DEVELOPMENT AND BUSINESS AFFAIRS COMMITTEE RECOMMENDS TO COUNCIL

THAT COUNCIL

1. Receives the outcomes of the 2025/26 strategic project investigating the long-term vacant properties and underutilised land and buildings in the City of Adelaide as contained in Attachment A to Item 7.1 on the Agenda for the meeting of the City Planning, Development and Business Affairs Committee held on 1 September 2026.
 2. Notes that the 2026/27 Economic Development Strategy implementation project will explore options to mitigate building vacancy.
 3. Notes that the findings of the Vacant and Underutilised Sites Assessment will be shared with the State Planning Commission and the Productivity Commission Inquiry into Housing Regulation.
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IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	Strategic Alignment – Our Places Our Places: Encourage bold, interesting and purposeful development that supports the changing needs of our community and city Target - Increase in the number of dwellings in our city from 14,660 (2021) to 17,780 by 2026 and 22,770 by 2031
Policy	<u>City of Adelaide Housing Strategy - Investing in Our Housing Future</u> Council will research the development of a program to target long-term (2–5+ years) vacant properties and land without current development applications with the aim of stimulating development. This will begin with any site that could leverage opportunities for affordable housing and adaptive reuse.
Consultation	Stakeholder engagement with property owners, development industry representatives and State Government representatives was undertaken as part of the evidence base for the analysis and recommendations.
Resource	The 2025/26 Budget included \$200,000 for Housing Strategy (Year 2) Implementation.
Risk / Legal / Legislative	Not as a result of this report
Opportunities	Understanding the scale of vacancy, some of the contributing factors, for example open lot car parks, and the barriers to housing development, provides an excellent opportunity to tailor responses rather than have generic policy responses or financial mechanisms.
26/27 Budget Allocation	The 2026/27 Business Plan and Budget includes \$100,000 to implement actions in the City of Adelaide's Economic Development Strategy relating to residential living and housing which will be used to progress the findings of the vacant and underutilised sites assessment.
Proposed 27/28 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
26/27 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report

DISCUSSION

Purpose

1. The purpose of this report is to advise of the outcomes of the investigation into the housing potential for long-term vacant properties and underutilised land and buildings in the City of Adelaide completed in 2025/26 as a strategic project of the Council's Housing Strategy – Investing in our housing future (Housing Strategy).

Background

2. The objective of the vacant and underutilised sites assessment (the assessment) was to identify evidence-based actions available to the City of Adelaide to activate vacant and underutilised properties for housing delivery.
3. The Analysis and Implementation Findings are provided in **Attachment A**.
4. The deliverables included three additional significant bodies of work, as follows:
 - 4.1. Vacancy Assessment – Ground Truthing Report ([Link 1](#)).
 - 4.2. Background Investigations Report ([Link 2](#))
 - 4.3. A presentation deck provided to access key findings more readily ([Link 3](#)).
5. As a priority project under the Housing Strategy the focus was on understanding the City of Adelaide's levers to stimulate housing supply and opportunities for partnering with or advocating to other tiers of government.
6. The report was commissioned and completed before Council's 14 July 2026 decision requesting the Administration prepare a report back to Council by September 2026 outlining current approaches taken to mitigating building vacancy and underutilisation, as follows:
 1. *Notes that the City of Adelaide's Economic Development Strategy 2024-2028 commits to the occupation, improvement, and adaptive reuse of vacant and underutilised buildings.*
 2. *Requests that the Administration prepare a report back to Council by September 2026 outlining current approaches taken to mitigating building vacancy and underutilisation, including:*
 - 2.1. *Data collected and methods used to quantify building vacancy and underutilisation, including trends, locations, causes and resulting economic impact.*
 - 2.2. *Current and future funded initiatives that address building vacancy and underutilisation, such as Renew Adelaide, the Adaptive Reuse City Housing Initiative (ARCHI), and relevant Planning and Design Code Amendments.*
 - 2.3. *Opportunities for further action to encourage greater occupation, improvement and adaptive reuse, including further assessments, engagement processes, activations or funding mechanisms as recommended.*
7. The assessment responds to Council's decision of 14 July 2026 by considering barriers to housing delivery.
8. Future work would be required to assess the broader economic impact of vacancy.
9. The findings and recommendations have financial and/or resource implications that require further analysis which will be undertaken in 2026/27 to inform budget proposals as part of the 2027/28 Annual Business Plan and Budget process.

Vacancy Assessment: Ground Truthing Report (GTR)

10. The Vacancy Assessment: Ground Truthing Report (GTR) identified 1,986 vacant or underutilised properties across the City of Adelaide local government area.
11. Of these, 491 properties were assessed as being of high potential for future use with a further 1,415 assessed as moderate potential, and 80 assessed as having some potential. The underutilised criteria used were as follows:
 - 11.1. High potential sites include open lot car parks, sites with very low site coverage (ie <50%), long-term vacant sites, vacant land or buildings, and developments approved before 1 January 2025 which are not yet commenced (with development cost over \$10 million).
 - 11.2. Moderate potential sites include those with very low yield compared with development potential based on maximum heights, and Faith-based land which is not actively used for congregational/community purposes or has a development application for another land use.

11.3. Potential sites include any site that has been identified through the Adaptive Reuse City Housing Initiative but did not meet the high or moderate criteria.

12. This evidence base has been mapped in the City Plan digital platform CoADE (Figure 1) and provides the foundation for a future implementation program.

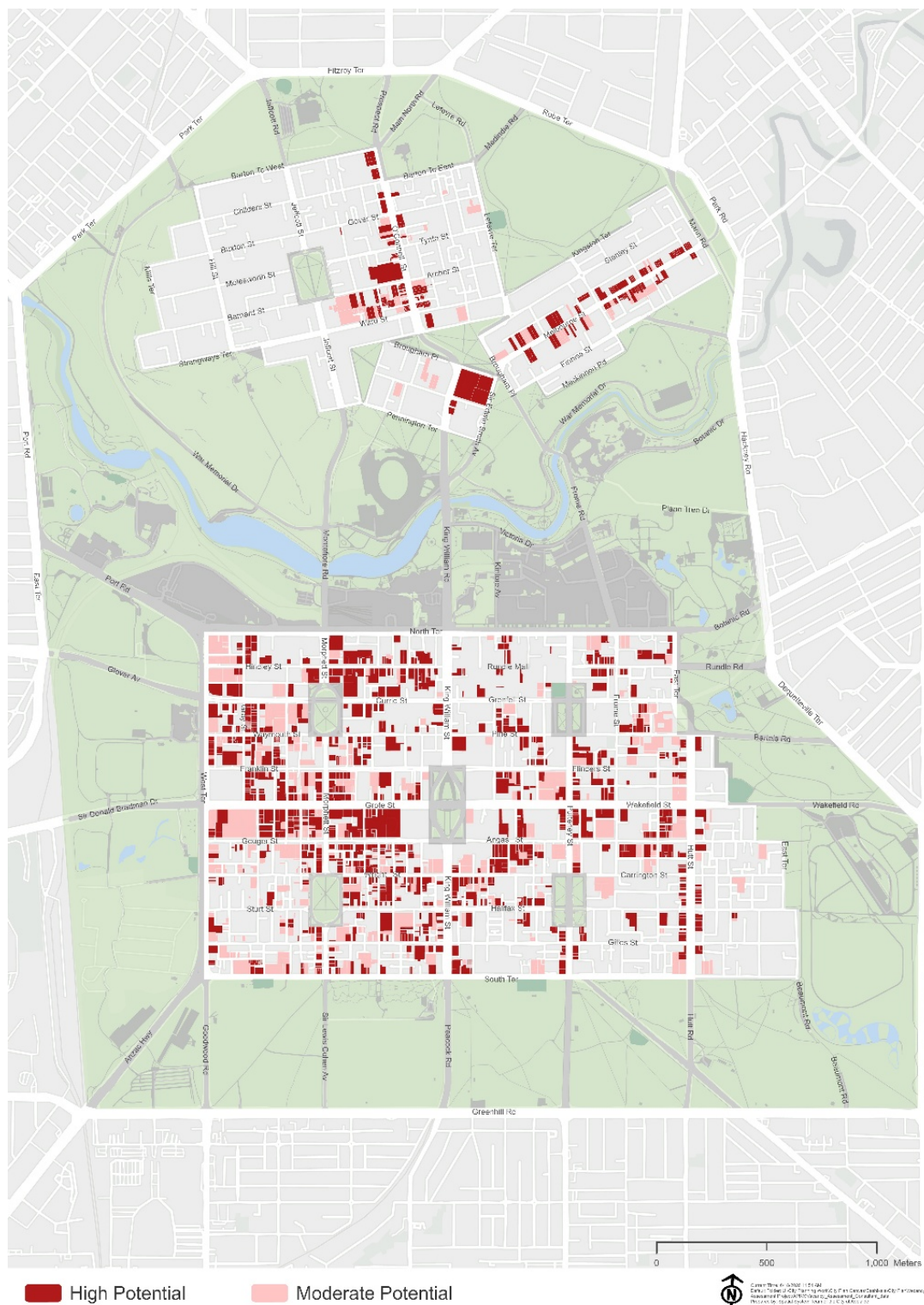


Figure 1: High, moderate and potential sites – Adelaide CBD

13. The spatial allocation of the high potential sites aligns with the work done through the City Plan where it was shown that the greatest and most likely potential for growth is in the north-west of the city.
14. Within the CBD, underutilised properties represent approximately 30 per cent of all properties.
- 14.1. The Capital City Zone contains the largest concentration, with 309 of the 491 high-potential properties.

- 14.2. The City Living Zone accounts for a further 126 high-potential properties, and the City Main Street Zone contributes 46, particularly relevant for upper-level housing and mixed-use intensification.
- 14.3. The Grote Gateway and potential extension of CBD form City Plan local areas collectively contain 138 high-potential properties, making them among the highest-priority City Plan local areas for targeted activation activity.

Background Investigations (BIR)

15. The Background Investigations (BIR) included a literature review ([Link 2](#)) addressing:
 - 15.1. What vacancy interventions have been implemented in comparable jurisdictions and how they are designed?
 - 15.2. Which approaches have demonstrably succeeded and by what measures?
 - 15.3. Which have underperformed and why?
 - 15.4. What critical success factors emerge for effective vacancy intervention?
16. The research includes evidence primarily from Canada, Australia, the United Kingdom and Europe, with supplementary analysis of experience from Japan, the United States, Spain and Belgium. Key findings include:
 - 16.1. Vacancy is not a uniform problem; therefore, the most effective interventions have diagnosed the primary cause of vacancy by property type.
 - 16.2. Financial incentives can materially improve project feasibility for adaptive reuse and vacancy activation. However, evidence from multiple jurisdictions highlights that poorly calibrated incentives can subsidise activity that would have otherwise occurred, while incentives set too low fail to move the margin for genuinely stalled projects.
 - 16.3. The literature consistently shows that successful vacancy interventions depend less on any single policy tool and more on coherent, coordinated approaches that align strategy, resourcing, data capability and community legitimacy.
 - 16.4. Vacancy taxes have had a measurable effect in some instances, but they are context-specific and need to be sufficient to shift the holding calculation without further reducing feasibility.
 - 16.5. Adelaide's vacancy challenge is distinct from the high-pressure markets where the most dramatic policy interventions have been deployed. The data reveals a significant pipeline gap, in which feasibility appears to be a greater constraint than planning permission.

Analysis and Implementation Report

17. The Analysis and Implementation Report (**Attachment A**) integrates the findings of the GTR, the BIR, stakeholder insights, and scenario-level financial modelling to translate that intelligence into a practical, sequenced program of action. Key findings include that:
 - 17.1. Properties are vacant or underutilised for different reasons. Some are temporarily vacant as part of normal market turnover. Some are held as surface car parks or low-intensity uses because this produces a rational holding return while owners wait for better development conditions. Some are vacant because owners lack development expertise or capital. Others are constrained by heritage, structure, servicing, title, financing or approval barriers. A uniform response would therefore misallocate resources.
 - 17.2. The second key finding is that the main barrier is feasibility, not permission. Planning approval is important, but in many cases, it is not the decisive constraint.
 - 17.3. The third key finding is that open-lot car parks are often retained because they are commercially rational holding assets. They are a highly visible form of underutilisation in the CBD, particularly where they occupy sites with strategic redevelopment potential. However, the evidence indicates that they persist because they can generate a reliable annual return while allowing the owner to retain exposure to long-term land value growth.
 - 17.4. The fourth key finding confirms that adaptive reuse is important but only viable for the right buildings. Larger commercial buildings, buildings with deep floor plates, complex structure, full heritage listing or significant servicing deficiencies may require intervention well beyond standard grants or advisory support.
 - 17.5. The fifth key finding is that heritage activation requires a distinct intervention model. Heritage listing may strengthen the case for reuse rather than demolition, but it can also increase costs, reduce flexibility and create uncertainty about what can be approved or financed.

18. The conclusion from the three bodies of work was that the fundamental challenge facing the Adelaide CBD is a combination of financial feasibility constraints, information and capacity barriers among property owners, and the absence of coordinated intervention mechanisms that address the full barrier profile of the most resistant properties.
19. Furthermore, the CoA has a meaningful role to play, but its most effective role is selective and strategic. CoA can directly influence the more tractable segment of the property inventory through facilitation, incentives, assessment support and owner engagement. For the more resistant properties, especially complex heritage buildings, large open-lot car parks, stalled development approvals and larger adaptive reuse candidates, CoA's role is primarily to coordinate, advocate, broker and partner with State and Federal Government.

Recommendations

20. Adelaide has a significant opportunity to convert vacant and underutilised land and buildings into housing, but the opportunity will not be realised through a single intervention. The evidence shows that vacancy is segmented, feasibility-constrained and highly dependent on property-specific circumstances. Some properties can be activated through practical facilitation and modest incentives. Others require State and Federal Government partnership, infrastructure reform, procurement commitments or market changes before activation is realistic.
21. The approach proposed by the consultation team is a program approach, rather than single policy intervention.
22. The consultation team proposed the following recommendations for consideration by Council and Administration:
 - 22.1. Immediate: Establish direct owner engagement program, drawing on the GTR dataset to target the highest-priority Tier 1 properties with a personalised facilitation offer. This is similar in approach to the ARCHI project approach.
 - 22.2. Immediate: Introduce the construction-period council rates waiver and targeted fee waivers for adaptive reuse proposals and initiate the ARCHI program review and enhancement to extend its reach to mid-rise and heritage building categories.
 - 22.3. Medium-term: Initiate or advocate for relevant policy improvements via a Code Amendment process and commission legal advice on the differential rating pathway for persistently vacant buildings, progressing the two highest-priority regulatory actions within CoA's powers.
 - 22.4. Medium-term: Develop and pursue a coordinated State Government advocacy program through the Capital City Committee, focused on 'meanwhile use' legislation, heritage assessment reform, SA Water infrastructure investment, the government anchor tenancy procurement policy, and the Apartment Fast-Track Fund conditional pathway.
 - 22.5. Long-term: Establish Public Private Partnership mechanisms for strategic sites, including active engagement with the State Government pre-sale guarantee fund and anchor tenancy advocacy; implement the monitoring, evaluation, and programme adaptation cycle; and assess the feasibility of a community land trust pilot on CoA-owned land.

Next Steps

23. Administration is continuing to review the report recommendations prior to recommending a future program of work to the Council.
24. As an immediate action in support of the City Plan, Housing Strategy and AEDA Charter, Administration has developed a City Plan Residential Investment Prospectus ([Link 4](#)) which responds in part to evidence and learnings from the vacant and underutilised sites assessment.
25. Given that some of the more complex scenarios require support at either the State or Federal Government level, it is proposed that the findings be presented to the State Planning Commission.
26. The findings will also be used to inform the City of Adelaide's submission to the State Government's City Building Heights Code Amendment once released for consultation.
27. Administration recently made a submission to the Productivity Commission Inquiry into Housing Regulation. Administration is proposing to provide the report into activating vacant and underutilised sites for housing to the Productivity Commission.
28. The recommended ARCHI program review is being undertaken in 2026/27 which is informed by an investigation into the implications of earthquake and seismic requirements on adaptive reuse completed in 2025/26.
29. Further analysis of the net financial position if Council fees and rates are used to unlock long term vacancy is required and will be further considered in 2026/27 before recommendations are made to the Council.

DATA AND SUPPORTING INFORMATION

Link 1 – [Vacancy Assessment - Ground Truthing Report](#)

Link 2 – [Background Investigations](#)

Link 3 – [Presentation Deck](#)

Link 4 – [City Plan Residential Investment Prospectus](#)

ATTACHMENTS

Attachment A – Vacant and Underutilised Sites Analysis and Implementation Findings

- END OF REPORT -