Supply: land prices in growth areas are rocketing.

No relief as prices rise by the hour

LAND prices in growth areas rose a record $149 a day, or more than $1000 a week, in the June quarter, according to Oliver Hume Real Estate Group data.

The huge jump comes despite the proposed release of land that will be converted into more than 240,000 residential blocks.

"These are astounding increases, even in Melbourne's rising property market," Oliver Hume's national research general manager Andrew Perkins says.

"Land prices are underpinning the price of house-and-land packages in Melbourne more than ever.

"The cost of building is increasing slowly compared with the cost of land."

Oliver Hume collates growth-area land sales data on a monthly basis.

An analysis of projects for sale in growth areas last quarter revealed the median land price rose $13,425 to a record high of $194,925 across Melbourne's growth areas of Casey-Cardinia, Hume, Melton-Caroline Springs and Whittlesea.

Land prices in the March quarter rose at only $72 a day, or half the daily rise recorded in the June quarter.

The rises equate to growth of 4 per cent in the March quarter and 7 per cent in the June quarter.

Perkins says the price rises are being driven by owner-occupiers, not investors.

Almost 90 per cent of buyers were owner-occupiers in the June quarter.

He says the figures show the question of land affordability has not been solved and demand for land continues to rise faster than supply. However, a slowing in immigration may have a dampening effect on prices in the future.

Perkins says the rises show how seriously buyers need to take personal savings if they want to buy a home.

"Buyers can hardly afford to take long lunches with prices now rising at over $6 an hour and more than $1000 a week," he says.

CRAIG BINNIE

Oliver Hume 7/8/10 Herald-Sun /Sat

Australia risks being left behind in HSR stakes

The Australian Greens have started a new push for High Speed Melbourne-Sydney Rail link. FRANCIS DWORNIK* says Australia could be the last continent without HSR

[illegible]

The CRC report concluded that from "European experience it could reasonably be expected that some 50 per cent of the travellers between Sydney and Melbourne would use a high speed rail link if the journey was less than four hours".

[illegible]

Greens call for High Speed Rail link

With an election looming, the Australia Greens leader Senator Bob Brown has sparked a fresh debate over the need for a High Speed Rail link between Sydney and Melbourne. The call comes in the wake of a report by the CRC for Rail Innovation which also strongly supported a feasibility study on building such a HSR link. This is what Senator Brown said:

[illegible]

Poll favours Sydney-Melbourne link

[illegible]

Norfolk E&C and O'Donnell Griffin, Track and Signal, Winter 2010

The squat bulk of the ANZ building on Toorak Road looms over the Fun Factory site on the Toorak Road/Chapel Street corner. Both are earmarked for high-rise redevelopment. PICTURE: PENNY STEPHENS

Developers face off in South Yarra war of the high rises

The Age, 27/07/10

By **CLAY LUCAS**

A BATTLE between two powerful developers over the height of a South Yarra skyscraper is to be settled behind government doors today, amid growing fears that planning in Victoria is increasingly out of control.

Toll Holdings managing director Paul Little — ranked by *BRW* as Australia's 38th richest man, with a fortune of $655 million — is also a property developer. His company, Little Project Developments, wants to knock down an old ANZ building on Toorak Road, near the corner of Chapel Street.

Designed in 1972 by architects Bates Smart and McCutcheon, the ANZ building is often cited as one of South Yarra's biggest eye-sores.

"It is the ugliest building in Victoria," said Michael Fox, who works with Little Project Developments that wants to replace it with a 25-storey apartment tower that includes 388 slick apartments selling for between $365,000 and $1.6 million each.

Stonnington Council approved the $100 million project in December, despite it being 10 levels higher than height guidelines approved by Mr Madden last year.

But another property developer, APN, owns the neighbouring Fun Factory site, on the corner of Toorak Road and Chapel Street — where the prominent position, across the road from the 21-storey Como Centre, allows it to build a 38-level apartment tower.

It objected to Stonnington Council's decision and, saying Mr Little's building broke the height limits set by Mr Madden and was too boxy and "monolithic", promptly took his firm to the state planning tribunal.

In May, Mr Little convinced Planning Minister Justin Madden to step in and take the decision out of the hands of the planning tribunal — which last year rejected an application from developer Stockland for a similar apartment block just around the corner.

In a closed hearing today, the Department of Planning's Jane Monk will hear from both sides, before making a recommendation to Mr Madden.

APN spokesman Grant Muller said the project should be decided in a public hearing.

Victoria's Planning Institute yesterday agreed. "Having things done behind closed doors like this is concerning," institute president David Vorchheimer said.

But Little Project Development's Mr Fox said APN was behaving badly. "They are being a pain in the arse," he said. "They think they are only people entitled to a tower in the whole of South Yarra."

The opposition said Mr Madden should have let the state planning tribunal rule on the case. "We can't continue to have a planning system where the minister just erratically calls in projects like this," planning spokesman Matthew Guy said.

Mr Madden's spokeswoman, Stacy Nivers, said the minister had intervened only "to support jobs and investment".

Artist's impression of the tower planned for the ANZ bank site.

Investors driving up bigger apartment projects

By PHILIP HOPKINS

MELBOURNE isn't just registering more apartment projects — the apartment blocks themselves are getting taller to cater for demand, research from agents Oliver Hume shows.

Projects launched in metropolitan Melbourne in the six months to June 30 had an average 150 apartments, more than double the average of 61 apartments in the first six months of 2008, according to Oliver Hume.

Jamie Kay, apartments division manager for Oliver Hume Real Estate, said the number of projects launched in metropolitan Melbourne had not risen dramatically, but the number of apartments in those projects had.

Prices have risen steadily, even though the size of apartments has fallen slightly in the bigger towers, according to Oliver Hume's analysis of all apartment projects launched in Melbourne over the past two years.

Mr Kay said not all the bigger new projects were in the central business district, Docklands or Southbank.

Some larger apartment buildings had also been launched in city fringe suburbs, including Richmond and South Yarra.

The average number of apartments in new projects in inner Melbourne, including fringe suburbs, jumped from 113 to 205 over the past two years.

Prices for two-bedroom apartments rose steadily over the same period, even though the average size fell slightly to 47 square metres for one and 70 sq m for two-bedroom apartments.

Mr Kay said the figures pointed to a shift away from smaller buildings for owner-occupiers, to larger apartment buildings catering for local and international investors.

“

The average number of apartments jumped from 113 to 205.

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Investor demand had helped developers achieve larger pre-sales targets, but the market was still driven by developers' ability to reach pre-sales of 60-70 per cent.

Mr Kay said another emerging trend was the growth in medium and higher density projects in Melbourne growth areas, such as a nine-level apartment project at Point Cook.

"Demand for this sort of product was driven by affordability and entry-level purchases for young couples and families," he said.

Chinese snap up apartments

Scott Elliott

Restrictive new laws affecting property investment in China will bring apartment buyers to Australia, according to a leading real estate group.

Enacted in April, the laws have increased taxes, mortgage rates and minimum deposits for second property purchases in China. Mortgages will not be available for a third property and developers will be required to undergo auditing by the state.

The legislation may have achieved its aim of cooling China's rampant housing market, with June figures showing that Chinese house prices dipped in 70 cities, according to the National Bureau of Statistics.

Oliver Hume Real Estate's manager apartments, Jamie Kay, said even with Australian banks tightening requirements on the number of foreign buyers considered for presales, overseas investors were contributing to healthy off-the-plan sales in the Melbourne CBD.

KEY POINTS

- Chinese facing tighter property purchase laws are turning to off-the-plan apartments in Australia.
- Melbourne developer Anton Wilson has seen a rise in the number of Chinese buyers since April.

"Foreign investors, especially from China, are contributing to strong off-the-plan sales results, particularly in the Melbourne CBD, and new legislation recently proclaimed in China should ensure future demand," he said.

Mr Kay said the legislation would further strengthen demand for foreign-owned apartments, which was already in a healthy state before the changes.

Melbourne developer Anton Wilson has noticed an increase in the number of Chinese buyers since April.

"About 25 per cent of my purchasers come from overseas and I have seen a gradual pick-up in the Chinese market this year," he said.

Mr Wilson's development company, Mider, has launched two apartment towers (Infinity8 and Infinity88) that appeal directly to the Chinese superstition that the number eight is lucky.

According to Oliver Hume research, in the six months to June 2010, 81 projects with a yield of more than 11,000 apartments have been released in the City of Melbourne. Average entry prices were $367,000 for one-bedroom and $511,000 for two-bedroom apartments.

Mr Kay, who has worked across apartment markets in Singapore, London, Sydney and the Gold Coast, said foreign investors were predisposed to living in high-rise towers and favoured proximity to the CBD.

He said foreign demand for central business district apartments was also linked to the strong international education market, with investors buying units for their children to use while they studied in Australia.

Amid concerns that foreign buyers (particularly from mainland China) were behind excessive house price growth, foreign investment rules were tightened in April.

The changed foreign investment laws still allow for an entire apartment block to be sold off-the-plan to foreign buyers but developers would almost certainly be unable to obtain finance, given reports that banks now demand foreign ownership of below 10 per cent.

Houses at auction are popular with Chinese buyers and off-the-plan apartments are coming into favour. PHOTO: [illegible]

Job shuffling as growth boundary cards played

It's all action, at last, on Melbourne's raggedy edges. After the better part of a year spent scrapping with the opposition parties, the Victorian government's Planning Minister, **Justin Madden**, looks finally to have done a deal to move the city's urban growth boundary. When put to a vote in Parliament next week that deal, at the stroke of a pen, will transform farmland into McMansion-ready development nirvana. How did Madden know where to draw the line? Well, he has the Growth Areas Authority to help him. The GAA is headed by **Peter Seamer**, who some will remember from his rather tumultuous period working as chief executive to Sydney Lord Mayor **Clover Moore**. He is ably assisted by a crew of directors in drawing where the boundary should go. Whose land is in, whose land is out, where the shopping centres should go and so on. Obviously there's some expertise needed in these roles. Thankfully, he was able to call on the likes of **Greg Bursill**, who joined the GAA as the organisation's chief planner. It seems that, now the urban growth boundary has been drawn, Bursill has decided to jump the fence, so to speak, and has joined MAB Corporation, one of the biggest land holders in Melbourne's north. MAB is also one of the biggest beneficiaries of the mooted move in Melbourne's development hard edge. Bursill is not alone in seeing greener pastures in the private sector. Fellow GAA director **Jason Shaw** is off to work at Stockland. You know Stockland, Australia's biggest property company, give or take. Shaw will feel right at home at the giant, having worked at the developer before heading off to the GAA to help decide who should benefit from a bit of rezoning gold dust. The GAA has assured the Prince – not that he needed any – that staff are required to sign strict confidentiality agreements when they sign on. Seamer says it is even tougher when they decide to leave. "When senior executives choose to leave the GAA they are required to sign a second, stricter confidentiality agreement governing their behaviour in regard to GAA information. From the time that they announce their resignation, they are excluded from any sensitive discussions."

Barely worth hiring. Nothing to see here. Move along.

SBA 012

MAB Corporation, The Australian Financial Review, 17/07/10

Melbourne fringe development at risk

Scott Elliott

Developers are warning that a political bunfight could halt the release of 24,500 hectares of new residential development land on Melbourne's fringe beyond November's state election.

The Brumby government is at loggerheads with the Coalition over two provisions within the urban growth boundary (UGB) legislation (VC67), to be discussed when Parliament resumes on July 27.

The opposition and the Greens last week failed in a legal challenge to strike out provisions relating to increased urban density (Clause 12) and the acquisition of land for the new E6 freeway.

MAB Corporation planning director Greg Bursill said there was intense speculation among developers that unless the UGB legislation was passed in the upper house, looming federal and state elections would halt its passage until 2011.

"If the boundary move is stalled until 2011, the upward pressure on the price of new homes will intensify and major developers like MAB will take another year to bring the new UGB land to the market," he said. "The effect of this will be that home affordability will be hit hard as the price of land will continue to rise."

Mr Bursill, formerly a director of the Growth Areas Authority, said MAB was waiting on UGB approval to start development at its multi-billion-dollar Merrifield project that will provide 10,000 lots.

Victorian opposition planning spokesman Matthew Guy said the Coalition was willing to negotiate over the UGB legislation, but would not ratify any agreement which threatened the future of Melbourne's built form. "I genuinely believe that where there's a will there's a way and we should sit down and talk about this sensibly and resolve it," he said.

"They want the boundary to expand, they have the numbers to do it. The only thing holding it back is the government's dogged ideological support of amendments to Clause 12 and discussions around E6."

Mr Guy said the Coalition was resolute that high-density development did have a place in Melbourne, but the scale and location required greater definition.

Victorian Planning Minister Justin Madden said Labor was the only party with a clear plan for managing growth, creating housing and protecting liveability.

"Housing affordability is too important an issue to play petty party politics with. The Liberals say they are not opposed to expanding the urban growth boundary and we call on them to ratify the amendment and release much needed land for housing," he said.

"We will continue to discuss this issue but deep divisions within the Liberal party mean no outcome can be guaranteed."

Campers score at land sale in south

MARIS BECK

IT WAS "first in" at the land grab in Melbourne's south yesterday morning, but organisers dropped the "best dressed" criteria — many had camped out in their cars for three freezing nights to buy a block.

Tracksuits, red eyes, and scruffiness abounded among the dedicated land-buyers at Officer, but the first in the queue, Ebony Graham, was shining with excitement.

"We've given up three nights, but it's worth it in the end," she said.

Ms Graham, 24, and her partner, Cameron Scott, 24, purchased their first block for $170,000 at 9am yesterday, after having taken turns sleeping in the back of their brown station wagon since Wednesday.

A project director at Oliver Hume Real Estate, Paul Ciprian, said campouts were "more common than not these days. Land is a bit scarcer."

About 15 people camped out this week for a chance to buy the 19 blocks in the first Grandvue release, and the sale of a second set of blocks is under way.

Mr Ciprian said first home buyer grants had prompted a rise in the number of campouts last year and the practice had continued as confidence in the economy rebounded. First land releases, which typically had lower prices than subsequent releases, were particularly competitive. Ms Graham and Mr Scott had a few cold nights, but got their first choice.

Brian Stocks, 42, and his partner Debbie, 46, had been looking to buy in the area for more than three years. She said she had watched the prices go "up and up and up. It's actually got beyond most people's reach."

She was beginning to fear it was beyond their reach, too. They had several bad experiences with other developments, which she said had strict building requirements or used ballots to select buyers without giving estimates of how much the land would cost.

To stake their claim at Grandvue, she said, they spent the night in the back of her partner's work van, with their puppy, Buddy, and paid their 16-year-old son, Harley, $100 to hold their place in the queue on Wednesday and Thursday nights.

She said she was going to celebrate with "a few hours' normal sleep".

Little tower upsets APN

Scott Elliott

APN Property Group has accused the Victorian government of providing "preferential treatment" to Toll Holdings boss Paul Little after it "called-in" his development company's plans for a residential tower in Melbourne's inner-east.

Planning Minister Justin Madden took control of planning decisions for Little Project Developments' 25-storey apartment tower on Toorak Road, South Yarra. The project is a stone's throw from APN's Capitol development, which has been held up for two years after a tussle with Stonnington Council spilled over into the Victorian Civil and Administrative Tribunal.

APN sought VCAT intervention after Stonnington approved Mr Little's project, which it described as a "blatant transgression" of height restrictions.

Mr Madden took over planning decisions for the site in May and ordered a special mediation be convened last Tuesday. The result of the meeting should be revealed in the coming weeks.

APN spokesman Grant Muller questioned the "transparency and rationale" of placing the decision in Mr Madden's hands. "Every recent major disputed development application in the Forrest Hill precinct of South Yarra has been through an objective and public VCAT hearing," he said. "It is unclear why LPD has been given preferential treatment for its application that is 10 levels or 60 per cent in excess of its property's height limit."

VCAT denied Stockland's application to build a 35-storey tower at Yarra Street, Forrest Hill, which was 40 per cent above the height limit, according to APN.

Little Project Developments managing director Michael Fox did not return calls yesterday.

Kitchen like no other

Meals on demand

6/7/10
H-Sun

Nicole Lindsay

AN INDUSTRIAL kitchen in Altona is about to start pumping out two million meals a year in a venture that easily surpasses the intense kitchen activities of *MasterChef* or *My Kitchen Rules*.

Vaughan Constructions has completed the $29.5 million facility for Regional Kitchen, a company which provides Meals on Wheels for 16 different councils around Melbourne.

One of the biggest kitchens in Victoria, the 2000sq m facility on Drake Blvd is made up of four zoned areas for unpacking ingredients, meal preparation, cooking and packaging.

Building the big kitchen, which aims to deliver 10,000 dishes a day, in an energy-efficient and hygienic way required special attention to detail.

Vaughan Constructions building development manager Bruce McDonald said "every aspect of the building and fittings, including the light fittings, was designed and constructed with smooth finishes to minimise dust and maximise hygiene."

The kitchen was designed by French food building architect Francois Tesniere of 3bornes

Meal time: an artist's impression.

Architectes in Paris and is the largest of seven similiarly designed buildings around the world.

It's due to finish next month and start producing meals in December.

The kitchen will supply three courses or 190 dishes a day including halal, kosher and modified diets.

Mr McDonald said Vaughan was chosen because of its experience in food industry construction and the company has finished building ahead of schedule.

Vaughan is also building a $35 million national distribution headquarters for Cadbury in Dandenong East where it has also completed a 51,000sq m Aldi warehouse.

Regional Kitchen has been funded by $9 million from the Federal Government, $6 million from the State Government and a further $4.7 million from local councils.

Buyers decide bigger isn't always better

Anne Wright
suburbs reporter

OUR obsession with McMansions is over.

Average house sizes have shrunk in the past three years.

Research compiled for the *Herald Sun* by Oliver Hume Real Estate Group shows areas previously known for the development of huge mansions have seen smaller average home sizes and living space per person.

The drop in home sizes has been attributed to the increased number of first home buyers in 2007-08, when they accounted for 70 per cent of sales across all markets.

Traditional McMansion heartlands Casey, Cardinia, Hume and Whittlesea have all reported a drop in the average house size, suggesting buyers are struggling to afford the huge blocks and homes that were previously sought after.

In Casey the average house size dropped 57sq m compared with Whittlesea (47), Cardinia (33) and Hume (25).

Real Estate Institute of Victoria spokesman Robert Larocca said the trend for smaller houses was a return to the past, "where people used to start with a small home as their first home and work their way up, and the fact that's happening is a good thing.

"It's a natural response to the growth of the market for home buyers," he said.

Mr Larocca said growth areas needed variety in houses, and while there would always be de-

'It's a return to the past where people used to start with a small home'

– ROBERT LAROCCA

Cosy: Sarah Hallyard, marketing manager for Hampton Property Group, in a studio apartment in South Yarra.
Picture: ELLEN SMITH

Council area	median living space per home(sq m)	average living space per person (sq m)
INNER CITY AREAS		
Port Philip	61	32.1
Melbourne	46	24.2
Yarra	44	20
Stonnington	41	18.6
Average for all inner city areas	45	22.1

mand for bigger homes traditionally associated with the "Aussie dream", the reality was that people might only be able to afford something smaller.

"People will always want a variety of housing sizes and styles, and if there are smaller homes in growth places it's essentially good, because there's that option for buyers looking for something different," he said.

Oliver Hume director Paul Ciprian said the increase in demand for smaller homes received a boost when the stimulus package was introduced, but more second home buyers were now looking at smaller properties because of cost pressures.

In terms of new homes, Mr Ciprian said simple measures such as changes to OHS regulations on building sites meant adding a second storey on a house now cost almost four times as much as it did 10 years ago.

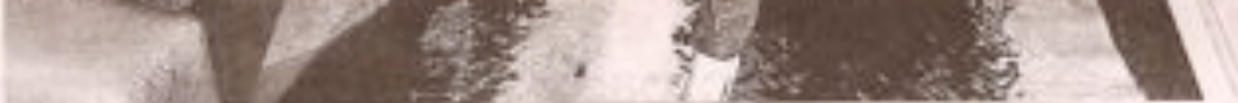
"The gap between the single and double has widened. Back in the old days it would cost between $15-18,000 to add an extra storey. What's happened over the past few years has seen that cost rise to $40-50,000," he said.

New legislation reducing the size of land blocks to 470sq m meant smaller homes were likely to become more common in the next few years.

But not all areas have reported a downturn in house sizes. Wyndham and Melton bucked the trend and reported a growth in the average house size.

But Mr Ciprian said that increase could be derived from affluent buyers in certain suburbs within the municipalities.

"(They) are still chasing the dream and they've got the capacity and income to do it," he said.



Apartment was alluring but too little room

Anne Wright

COLLEEN Claver thought she wanted an inner-city pad, until her family started looking and realised how little space they'd get for their budget.

Ms Claver and her husband Serge, son Julian, 20, and daughter Chanelle, 17, wanted a three-bedroom apartment in Docklands or the inner-city, until she realised it would mean a big compromise on space.

"The apartment was nice but there were a lot of disadvantages, such as lack of parking. And the dining room was barely big enough to put a table in — the dining area was just not big enough," she said.

After deciding to move further out of the CBD, the Clavers settled on a 47sq m home in Point Cook, which is in the only council area recording an increase in average house sizes.

"Here we are able to have five bedrooms plus a study, and able to do lots of entertaining," she said.

The Clavers still plan to move to the inner city when their children move out of home.

But Steve Buxton, joint managing director of development business Hampton, said his new South Yarra apartment complex Society was evidence that even the smallest inner-city apartments, with a fold-down bed and floor space of just 33 square metres, could sell fast.

Mr Buxton said he had sold almost three-quarters of the 342 new units.

"Fundamentally what we're seeing is a really big affordability issue. You're getting lots that are getting smaller, and they are obviously selling," he said.

"The dream (of bigger houses) is still there, but the reality is the volume of people can't afford it."

Mr Buxton said the apartment complex also offered communal amenities, such as a rooftop bar, a sauna and a gym.

"We've got amenity — I think developers will start putting a lot more emphasis on community," he said.

"We've got a couple of spas, yoga, a gym, and they're really getting used really well. You still have the retreat factor, because you have your own apartment."

Council area	Median living space per home(sq m)	Average living space per person (sq m)
GROWTH AREAS		
Wyndham	210	72.4
Melton	192	64
Whittlesea	190	63.3
Casey	178	59.3
Hume	163	52.6
Cardinia	146	50.3
Average for all growth areas	184	61.3

Lots of space: Colleen Claver at her house in Paradise Pde, Point Cook. Picture: JOE SABLJAC

MAB to extend NewQuay project

The Aust. 24/6/10 Business

MAURICE DUNLEVY

A WEEK after passing its 1000-unit milestone at Melbourne's Docklands, the Buxton brothers' MAB Corporation has revealed plans for a $180 million tower that will add up to 350 units to its NewQuay precinct.

MAB managing director Andrew Buxton said the investor-targeted tower was likely to be marketed over the next three to four months, lifting total investment in the eastern part of NewQuay to about $1.5 billion.

Mr Buxton said low vacancy rates and steady capital growth continued to fuel demand for Docklands apartments at a time when banks were still refusing to lend to some developers.

"We're fortunate we have been around a while and have made money for our bank, but a lot of people are going to struggle to get projects off the ground," he said.

"We see banking finance as the sector's greatest challenge."

The diversified property group addressed its own financial issues in February, when it appointed former Armaguard chief executive Mick Brennan as chief financial officer.

Mr Brennan also has a seat on the MAB board.

MAB is involved in some large developments in Melbourne, including the $8bn Merrifield master-planned project.

MAB passed its 1000 Docklands apartment milestone with the sell-out of HarbourOne, a 22-level tower expected to cost $120m.

That project brought the total number of MAB apartments at Docklands to 1039.

HarbourOne went on the market in late 2008, just months before the global financial crisis, and is now 100 per cent sold.

The project was targeted at young professional first-home buyers and investors, an average apartment price being about $550,000.

The new building, expected to be completed in December next year, will have 310 units, 10 studio offices and ground floor retail.