

# Investors Apartment life booms in the CBD

Younger buyers are turning their backs on quarter-acre blocks in the suburbs, writes Kamahl Cogdon

CENTRAL Melbourne is in the grip of an apartment sales boom. More than 1000 apartments were sold in the city's heart in the first six months of the year.

That's more than three times the number of apartments and units sold in the next biggest boom suburb, Southbank.

Experts say affordability is the biggest factor behind the apartment sales surge.

Castran Gilbert director Michael Lang says: "Everyone wants to live as close as they can to the centre of Melbourne, but unfortunately you have to go right out to the Point Cooks, Werribees and Cranbournes to find affordable houses.

"Melburnians are finding that a bit too far out. They'd rather stay closer in, so they're happy to go with an apartment."

Lang says a generational shift has also made apartment living more attractive.

"About 15 or 20 years ago buyers were still of the mindset that you had to buy a three-bedroom brick-veneer house on a quarter-acre block," he says.

"The next generation has come through watching American television where apartment living is commonplace.

"I think we're more accepting now of apartment living."

Figures from the Valuer-General show 1046 apartments were sold in central Melbourne from January 1 to June 30. Another 317 were sold in Southbank, 279 in St Kilda, 221 in

Carlton and 210 in South Yarra. Outer suburbs were also swept up in the sales spree, with 197 apartments and units snapped up in Dandenong, 193 in Noble Park, 178 in Frankston and 176 in Croydon.

Lang says apartments are a good move into the marketplace for first-home buyers, but they are also appealing to empty-nesters and retirees who want security and freedom from home and garden maintenance.

"They want somewhere they can lock up and have security while they travel and enjoy life," he says.

The Victorian Property Sales Report by Valuer-General Robert Marsh includes about 93 per cent of June quarter sales and 98 per cent of March quarter sales, making it the most comprehensive property analysis available.

## The next generation has come through watching American television where apartment living is commonplace

It shows at least 8145 apartments or apartments were sold across Victoria in the June quarter, but it estimates the final figure will be about 8760 after property settlements are finalised.

This will be a jump of 17 per cent on the previous quarter and 7 per cent on the same period last year.

The report shows the median price of apartments and units across Victoria climbed 6.6 per cent to \$341,000 in the June quarter, double the rate of house-price growth.

The Melbourne median price for apartments and units rose 7.1 per cent to \$364,000, compared with 6.7 per cent for house prices.

## Rush to the sea pushes prices up

### Vacancy rates: Metropolitan Melbourne

	Nov 2009	Oct 2009	Sep 2009	Aug 2009	Jul 2009	Jun 2009	May 2009	Apr 2009	Mar 2009	Feb 2009	Jan 2009	Dec 2008	Nov 2008
<b>Inner (0-4km)</b>	1.0	1.4	1.2	1.0	1.2	1.2	1.2	1.3	1.2	0.9	1.4	1.2	1.1
<b>Inner (4-10km)</b>	1.8	1.2	1.0	1.5	1.1	1.5	1.5	1.3	1.8	1.7	1.1	1.0	1.3
<b>Inner (total)</b>	1.5	1.3	1.1	1.3	1.1	1.4	1.4	1.3	1.5	1.3	1.2	1.0	1.3
<b>Middle</b>	1.7	1.9	1.7	1.7	1.4	1.6	1.4	1.3	1.4	1.7	1.6	1.6	1.1
<b>Outer</b>	0.9	0.6	1.2	0.7	0.9	1.0	0.9	1.8	1.1	0.8	1.1	1.1	0.7
<b>Melbourne total</b>	1.5	1.4	1.3	1.4	1.2	1.4	1.3	1.3	1.4	1.4	1.4	1.2	1.1
<b>Victorian total</b>	1.3	1.3	1.2	1.3	1.2	1.4	1.4	1.6	1.6	1.4	1.4	1.3	1.3



### Median rents: Melbourne June quarter 2009

Houses			Units and apartments				
Area		Median (a week)	Annual % change	Area		Median (a week)	Annual % change
<b>Inner Melbourne</b>	2 bedroom	\$430	7.5%	<b>Inner Melbourne</b>	1 bedroom	\$300	7.1%
<b>Inner Melbourne</b>	3 bedroom	\$550	6.8%	<b>Melbourne</b>	2 bedroom	\$420	7.7%
<b>Inner East</b>	2 bedroom	\$335	11.7%	<b>Inner Melbourne</b>	1 bedroom	\$235	11.9%
<b>Southern Melbourne</b>	3 bedroom	\$370	8.8%	<b>East Melbourne</b>	2 bedroom	\$320	10.3%
<b>Southern Melbourne</b>	2 bedroom	\$360	9.1%	<b>Southern Melbourne</b>	1 bedroom	\$230	9.5%
<b>Outer Melbourne</b>	3 bedroom	\$420	6.3%	<b>Melbourne</b>	2 bedroom	\$315	8.6%
<b>Outer West</b>	2 bedroom	\$290	11.5%	<b>Outer Melbourne</b>	1 bedroom	\$190	11.8%
<b>West North</b>	3 bedroom	\$280	12%	<b>West Melbourne</b>	2 bedroom	\$240	14.3%
<b>North West</b>	2 bedroom	\$320	10.3%	<b>North Melbourne</b>	1 bedroom	\$220	15.8%
<b>West North</b>	3 bedroom	\$307	10.2%	<b>West Melbourne</b>	2 bedroom	\$285	14%
<b>North East</b>	2 bedroom	\$300	11.1%	<b>North Melbourne</b>	1 bedroom	\$220	15.2%
<b>East North</b>	3 bedroom	\$320	10.3%	<b>East Melbourne</b>	2 bedroom	\$282	10.6%
<b>Outer East</b>	2 bedroom	\$260	8.3%	<b>Outer Melbourne</b>	1 bedroom	\$190	15.2%
<b>East South</b>	3 bedroom	\$300	7.1%	<b>East Melbourne</b>	2 bedroom	\$250	8.7%
<b>South East</b>	2 bedroom	\$240	9.1%	<b>South Melbourne</b>	1 bedroom	\$178	18.3%
<b>East East</b>	3 bedroom	\$280	12%	<b>East Melbourne</b>	2 bedroom	\$230	15%

Source: REIV and Office of Housing

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