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More city buyers find apartments stack up

IN some cities there is a big, and growing, gap between the price of apartments and houses, with the upshot that cost-conscious buyers are heading for the unit market.

Many prospective home buyers are looking to keep their debt down. So the choice is between buying a house on the outer city fringe or an apartment closer to the city, according to researcher RP Data.

"Both options have their pros and cons, but [units] are becoming an increasingly popular [option] particularly among younger buyers who like to live close to where they work and play," it says.

Across the capital cities there is a \$56,000 or 13.3 per cent difference between the median house price and median unit price.

The difference is as high as \$129,000 in Canberra and just over \$103,000 in Sydney, and these two cities show the highest proportion of unit sales at about 43 per cent of total sales for both cities.

In Melbourne, Brisbane, Perth and Adelaide the price gap is much less, at about 18 per cent.

In dollar terms that's about a \$70,000 difference, and slightly more than \$60,000 in Adelaide.

Apart from price, apartments are often located closer to the city and rental-working nodes such as

universities and hospitals, areas that have efficient transport connections, shops and social amenity, which are all high on young buyers' wish lists.

RP Data says other drivers of popularity include downsizing and an increase in single-person households and smaller families.

For these reasons, apartments are likely to continue to increase their share of sales. Twenty years ago apartments comprised about 25 per cent of all sales, but this was at 36 per cent by mid-2009.

They have fallen since because of slowing investor and first-home buyer purchases.

In inner Brisbane, the suburb of Milton has had the second highest population growth at 4.4 per cent a year during the past five years, just behind Kelvin Grove, industry commentator Michael Matusik says.

Milton, where about two-thirds of the population rents, is part of the inner-west precinct, which Matusik says is one of the most undersupplied markets in Brisbane, with a vacancy rate of 0.7 per cent.

"Just 10 per cent of the current supply of new apartments for sale in inner Brisbane is located in the inner west, with FKP's The Milton the only project currently selling off the plan," Matusik says. He says more projects centred on existing transport and

'Younger buyers like to live close to where they work and play'

RP DATA

lifestyle amenities will be needed in the future to cater to the population growth in inner Brisbane.

But even the most cost-conscious buyers should also remember that no matter how popular a particular segment becomes, the challenge, particularly in Brisbane, will be to buy in the right location.

Real estate agency Place Advisory recently produced its quarterly report on the inner Brisbane apartment market and identified 13,250 apartments in various stages of planning within 5km of the CBD.

The area northeast of the Brisbane River, which includes Bowen Hills through to Hamilton, had 43 per cent of the apartments planned for the total inner Brisbane market and would be an area that would become a more intense battleground for developers trying to sell their stock.

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