



DealCorp.

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AUTUMN UPDATE  
2023

GLENARM SQUARE  
GLEN IRIS

## MESSAGE FROM DAVID

A NATIONAL HOUSING SUPPLY CRUNCH AND A BOOMING POPULATION

What does 10 months straight of interest rate rises do to an economy? It forces a nation into a dual housing crisis. There are those who cannot afford to maintain their current home loans. And there are those who cannot find a decent home to rent due to the lack of stock.

As we have been warned, interest rate rises are not over, and this year it is expected that 800,000 households will come off their fixed interest rate, with another stress wave setting in on home owners.

Consultancy firm Charter Keck Kramer released their quarterly report recently, showing Melbourne's new apartment supply is forecasted to reduce by 65.3% by 2025. And Tim Lawless, CoreLogic research director, has noted that supply has been progressively declining for some time, and there are no signs new rental homes are being added to the pipeline.

Australia experiences the highest ever net overseas migration in a single quarter the nation has ever seen. If we fast forward a decade,

Victoria's population is set to climb from around 6.6 million to 7.8 million by 2032, making Melbourne the largest city in the country.

The RBA and government have taken an aggressive approach to easing inflation, they are placing much of the load onto home owners. And with state and federal policies geared toward first home ownership, the current interest rate hike has made it challenging and impossible for many to enter the market. According to the Property Council of Australia, 72% of renters surveyed want to own a home but cannot overcome the 'deposit gap'.

The development and construction industries is often relied upon to bring people to the inner-city, to provide affordable housing in out-priced areas, and to fuel the economy— with construction employing the most people in our state, we will find it impossible to build a pipeline of projects without significant change.

Construction prices remain at all-time high, site price tags have not

dropped and consumer confidence remains soft. According to Charter Keck Cramer, there were a total of 5,100 apartments launched to the market in 2022, the lowest number of launches recorded over the past decade and was almost 80% lower than the peak levels in 2015.

With investors retreating from the market, owner occupiers holding on for dear life and renters fighting for a place to live, we are in a deep housing crunch. Riding out this storm will be turbulent, however at the rate in which Melbourne and Australia is expanding with overseas migration returning to pre COVID numbers we have faith that fast forward 12 – 24 months the market would have stabilised and demand will be sky high across all housing sectors.



David Kobritz,  
Executive Chairman, DealCorp

## HOT OFF THE PRESS

IN THE NEWS

### FINANCIAL REVIEW

#### Apartment supply shortage to push rents higher

Michael Bleby, Feb 26, 2023

Australia's troubled apartment pipeline has probably passed its trough with a 45 per cent slump in completions last year, but new apartment supply will remain tight for at least another two years until construction and financing costs stabilise, a JLL report warns.

Completions of new apartments in the mainland state capitals and Canberra dropped to 8378 in the year to December, almost half of the 15,159 figure a year earlier, the commercial real estate agency's Apartment Market Overview Q4 2022 report shows.

While it was "easy" for developers to market and build high-end, smaller projects targeting owner occupiers, often downsizers who paid cash, there would be no material increase in large-scale projects until late 2025 at the earliest because the risks for developers of these projects were too great, JLL's Australia head of residential research said.

"We're definitely talking years," Leigh Warner told The Australian Financial Review.

"It's a challenging developer environment still, particularly for larger projects where the selling period is long. You're at risk through the entire long selling period."

### FINANCIAL REVIEW

#### Dwindling unit supply to trigger price rises

Nila Sweeney, Feb 27, 2023

Apartment supply is forecast to shrink by 73 per cent nationwide over the next two years, worsening the current rental shortage and potentially triggering price increases in some projects, new report shows.

Consultancy firm Charter Keck Kramer estimates that there are 41,200 apartments under construction and being marketed across the capital cities in 2023, but these are expected to fall to 27,300 in 2024 and down to 11,100 in 2025 – a 30,100 unit shortfall over two years.

In Sydney, apartment supply is set to slump by 14,500 units or 83.5 per cent by 2025, while Melbourne is expected to contract by 7900 units or 65.3 per cent.

The number of apartments under construction and being marketed is estimated to fall by 87.8 per cent in Brisbane, by 78.3 per cent in Canberra and by 65.2 per cent in Perth.

Richard Temlett, Charter Keck Kramer director of research and strategy, said the sharp decline in apartment supply would put a floor on prices and even spark increases in some projects.

"For established apartments that have been built, I think the supply shortage and strong demand will limit the price declines," Mr Temlett told The Australian Financial Review.

## Herald Sun

#### 15,000 homes needed; shortfall in new builds

Scott Carbines, Mar 12, 2023

Victoria needs to build about 15,000 more homes than it typically does in a year to better balance population growth and affordability — but numbers are set to fall instead.

Housing affordability is set to worsen amid a perfect storm of pressures and new stock is unable to keep up with Melbourne's swelling population, set to overtake Sydney's in 2030.

Housing Industry Association chief economist Tim Reardon said interest rate rises and further amplified costs around new national building standards were making projects unfeasible.

"Victoria typically builds 60,000-70,000 dwellings a year, and then in 2024 we expect that to fall to just 52,000 homes due to rising interest rates and increased construction costs," he said.

Australian Housing and Urban Research Institute managing director Dr Michael Fotheringham said there was "no magic number" the state needed to build to keep up with demand — but 20 per cent more would lead to "better housing affordability across the board".

"In an ideal world Victoria would build 20 per cent more homes than they currently do and that would have an affordability outcome," he said.

## PROGRESS UPDATE

EVEN HIGHER STANDARDS

### THE STANDARD HOTEL FITZROY

Our Rose Street hotel site is progressing well with the team moving on to placing orders for feature lighting, furniture and other design items. The building structure is complete with fit out works well underway on the lower levels. The Standard Hotel management team have begun expanding their staff in Melbourne with GM Adam Taloni appointed to lead the way and bring the international hospitality brand to Fitzroy in Spring 2023.



Construction image taken March 4, 2023

## PROGRESS UPDATE

THE FINAL STAGE AT POLARIS 3083

### NOVA POLARIS 3083, BUNDOORA

DealCorp are pleased to share that the final stage of Polaris 3083 is progressing well with Edgepoint homes commencing mobilization on site at Nova, seeing the return of a large excavator to undertake the remaining bulk earthworks.

The appointed civil engineer is completing their final checks, as well as the excavator finalising the site levels, followed by deep in-ground infrastructure works and the stormwater retention and detention system works.

Construction completion is estimated for late 2024.



Construction image taken March 21 2023



Construction image taken March 21 2023

# PROGRESS UPDATE

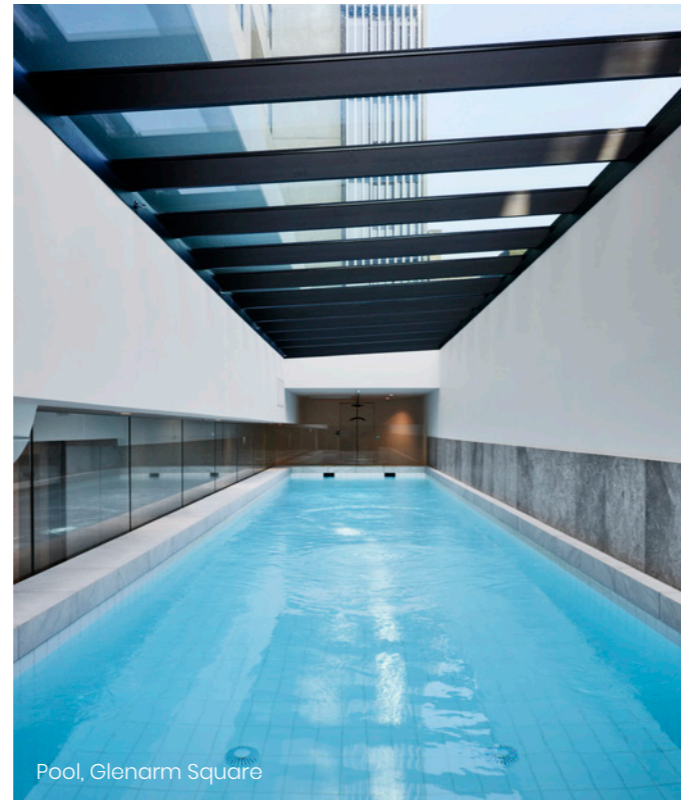
GLENARM SQUARE IS COMFORTABLE AT HOME IN GLEN IRIS

## GLENARM SQUARE GLEN IRIS

FLOWST8 fitness and recovery studio is now open in the retail component of Glenarm Square. The first retailer to open doors in the north facing plaza brings a world class fitness concept and luxurious recovery lounge boasting a sauna, ice baths & compression boots to Glenarm Square.

The residents have settled into their new homes and are enjoying the beautiful suite of amenities including the business lounge, indoor pool, gymnasium and residents dining and media room which will host project partner Shane Delia this Autumn.

Limited apartments remain for sale; contact Ms Li on 0407 134 268



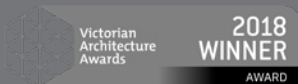
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please call Brett Hallam on 0418 318 283

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C.F. Row, Fitzroy



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Polaris 3083, Bundoora



Awarded to  
Glenarm Square, Glen Iris



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