



# DealCorp.

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WINTER UPDATE  
2023

MCKN, MCKINNON



## MESSAGE FROM DAVID

MELBOURNE STILL A SAFE HAVEN: DEALCORP A STEADY PAIR OF HANDS

### JUNE 2023

In recent times, we have witnessed a domino effect of challenges to the Australian economy – with the property market seeming to be at the centre of the conversation. Inflation and interest rates dominate discussions but other factors are at play including energy, cost of living, credit squeeze and international events. Many of these forces have been developing well before anyone heard the word COVID. While nowhere in the world is immune to the tensions ensuing from an unfortunate convergence of circumstances, DealCorp has been cautiously planning for these times we are in by diversifying our current projects and will have a different outlook when we emerge from this challenging, but necessary adjustment.

The infamous housing ‘circus’ is currently placing a temporary strain on household budgets, borrowers, and home-seekers – but, how much have prices actually risen? Across the country, property prices rose 29% in 19 months to the start of 2022. Then the media spun into a frenzy when house prices drop 7.2% off the back of 12 consecutive rate hikes. There is a larger issue on hand, for a nation which idealises home-ownership and is encouraged by state and federal government to do so, the average Australian mortgage holder needs to put aside over 30% of their income, and that amount is rising. Borrowers at all ends of the spectrum are scrambling to find the additional outlay per month. The rental market is not immune with the vacancy rate dropping to record

lows of about 1% in both metro and regional areas this past quarter.

As Australia continues to grow, the economy needs new migrants but it also needs to be sure it can meet the demand that comes with an increasing population. Close to 1000 migrants enter the country each day, bringing vital spending and earning capacity to pay the taxes government’s desperately need. Across the country, the market can only meet that demand by completing close to 500 dwellings per day but we are only just managing to deliver half of that amount.

Recent research by KPMG estimates construction of 27,000 new homes has been placed on hold while the country battles inflation, price hikes and labour shortages. In Victoria alone, 10,400 new dwelling constructions have been paused or abandoned at a total end value of approximately \$10 billion. In its February report, the Housing Industry Association expects the number of detached housing to drop to 96,300 next year (the lowest number in a decade and a 35% retraction from the 2021 peak of 149,000). With 10% of Australians working directly or indirectly in the construction industry, this causes concern for employment numbers.

With much lower production and less stock available, house and property prices are unlikely to reduce. The price of an average entry-level house has fluctuated the past 12 months but remains up \$120,000 over the past 3 years.

More than half of Australians live in three major cities and it is evident that demand is strong along the eastern coast and where price increases will come under most pressure in the years ahead.

As DealCorp approaches our 40<sup>th</sup> year in business, we are confident that a well-earned understanding of how to navigate these times will prepare us for the next decade. Strategic diversification of our current projects sees us in good stead for the emergence from the present climate.

When we reflect upon DealCorp’s landmark projects and the times in which we built them, there were years when interest rates were double today’s rates and migration was less than half. We have experienced greater challenges before now and overcome them to deliver some of our best work. Melbourne is a robust international city with many inherent strengths, which endure even in difficult times. We are confident that Melbourne remains an attractive safe haven for local and international residents and investors. With experience and shrewd foresight, DealCorp is well-placed to deliver sustainable value, even in a time of global challenges.



David Kobritz,  
Executive Chairman, DealCorp

## HOT OFF THE PRESS

IN THE NEWS

### THE AGE

#### Melbourne’s property market is the hottest in 18 months. But will it last?


Jim Malo, June 17, 2023

Melbourne’s property market has been stronger this year than many expected, and buyers face the toughest competition since the previous boom.

But after 12 interest rate rises and recent economic uncertainty, it’s unclear if, and for how long, the modest price gains can continue.

May’s auction clearance rate climbed to 70.2 per cent, the first time it has been above 70 per cent since October 2021, monthly data from Domain shows. That threshold is often correlated with annual price growth of about 10 per cent.

Some neighbourhoods have recorded boom-like conditions. Auctions performed the best in the inner east at 79.9 per cent for May, followed by the outer east (77.3 per cent) and south-east (75.8 per cent).

 [READ FULL ARTICLE](#)

### THE AUSTRALIAN


#### Australia’s population jumps by half a million

David Tanner, June 15, 2023

Australia recorded the largest annual population increase in the nation’s history after two Covid-affected years, despite a rise in the number of deaths and a drop-off in births.

The migration jump pushed population growth to 1.93 per cent, the highest since 2008.

“This pattern is expected to continue as international students return following the reopening of international borders, however there are fewer students ready to depart because very few arrived during the pandemic,” ABS head of demography Beidar Cho said.

 [READ FULL ARTICLE](#)

### FINANCIAL REVIEW


#### Apartment values grow faster than houses as rate rises shift demand

Nila Sweeney, June 13, 2023

Growth in unit values jumped higher than that of houses across 39 per cent of all suburbs nationwide over the past three months as demand shifted towards the affordable segment of the market in response to increases in interest rates and the cost of living, data from CoreLogic shows.

Unit price growth trumped that achieved by houses in nearly a quarter of all Sydney suburbs analysed, and outperformed house price growth in more than a third of all Melbourne suburbs.

“I think if we do see more households coming under financial pressure due to higher interest rates and cost of living, that probably will skew some demand towards units,” Tim Lawless said.

 [READ FULL ARTICLE](#)



## PROGRESS UPDATE

THE STANDARD SET FOR SPRING



View from rooftop bar



### THE STANDARD HOTEL FITZROY

The Standard Hotel site in Fitzroy is progressing well with the focus on the fit out of guest rooms.

The hospitality venues are also coming together nicely, with the ground floor offering hotel guests and the wider community a mouth-watering taste of Thai Cuisine with its new restaurant, Bang. And the rooftop with picture perfect CBD views will cater exclusively to hotel guests with delicious Mexican themed food and drinks menu.

The local Melbourne team are expanding with key members of the management team all on board and working toward a Spring 2023 opening.



Construction images taken June 2023

## PROGRESS UPDATE

THE FINAL STAGE AT POLARIS 3083

### NOVA POLARIS 3083, BUNDOORA

Construction works continue with the bulk earthworks progress, preparing the site to reach the specified levels.

The design team and consultants are completing the construction documentation, which will allow Edgepoint Homes to firm up their program and commence above-ground construction works.

Construction remains on track for a completion date of late 2024.



Construction image taken May 23<sup>rd</sup> 2023



# PROGRESS UPDATE

GLENARM SQUARE RESIDENCES SOLD OUT

## GLENARM SQUARE GLEN IRIS

The final remaining apartment at Glenarm Square has been sold. We offer our thanks to our team, consultants and main retail sales partner, Marshall White who worked tirelessly on this project for over eight years.

DealCorp welcomed project partner, Shane Delia to Glenarm Square to conduct a series of cooking master classes exclusively for residents during May. Shane cooked up a storm for residents with traditional middle eastern dishes over a series of evenings, sharing some expert tips and tricks in the kitchen.

We would like to thank Shane Delia for his partnership and contribution to bringing Glenarm Square to life.



## FURNISHED BY JARDAN

Jardan is a family owned and operated company that has designed and handcrafted furniture in Melbourne for over 30 years. Jordan's furniture is built to last a lifetime and is designed to capture the essence of the relaxed Australian lifestyle.

The Glenarm Square design team hand picked a range of beautiful chairs, sofa's, tables, rugs, feature lights & accessories from Jordan which features throughout the communal areas for residents to enjoy as an extension to their home.

DOWNLOAD AN  
EXCLUSIVE RECIPE BY

*Shane  
Delia*

FOR GLENARM SQUARE

Snapper 'Milanese', Preserved Lemon  
and Fennel Seed Butter Shaved  
Broccoli and Green Pea Salad

[DOWNLOAD RECIPE](#)





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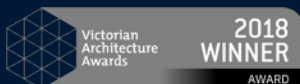
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Awarded to  
Polaris 3083, Bundoora



Awarded to  
Glenarm Square, Glen Iris



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