

DealCorp.

SPRING UPDATE
2023



NOVA
BUNDOORA

MESSAGE FROM DAVID

IT IS HOUSING CRUNCH TIME AS MELBOURNE BURSTS!

SEPTEMBER 2023

Spring is arguably Melbourne's best time. With the excitement surrounding the nation's great sporting events like the AFL Grand Final and the Spring Racing Carnival in full swing, Melburnians have always been keen to embrace and celebrate the occasions which help define this great city. Proving to be greater than ever, 2023 officially became the year that Melbourne overtook Sydney to become the largest city in Australia. This is a true testament to the buzzing culture, arts, entertainment and general attraction of our great city.

The other notable event in early Spring was the Australian Financial Review property summit, which included various leaders from the residential and commercial property industry. A similar sentiment was heard during the three-day summit, Australia is in a housing supply crisis. There is a chronic supply issue in both stock to purchase and homes to rent. Off the back of this critical topic, it was announced by the Victorian Government that they have committed to delivering 80,000 new homes every year for the next 10 years and the government will speed up approval times for developers that commit to delivering social and affordable homes.

Having the title of 'Australia's largest city' feels like we have won a constant battle between our great rival state, Sydney. However having to house a record number of migrants coming into Victoria is an enormous challenge, especially today. The reality of the 2023 housing

market is nothing less than a national crisis. Planning is slow and restrictive, construction is borderline unaffordable and labour is scarce, not to mention that property and sites remain at high prices.

It is difficult to see how the Victorian Governments recent announcements regarding targeted new affordable housing is achievable in the current climate. The country is in a state of transition, where people are yet to feel the full effects of interest rate rises and where levels look to increase. The industry, which we are grateful to have contributed to these past 40 years, is one of the hardest hit in the country following significant cost increases and delays. Some of the key topics from the property summit are unavoidable and uncomfortable conversations where private developers and government seen to be operating in different worlds.

Research firm, Charter Keck Cramer released their 'State of the Market' report last month which suggests Melbourne is anticipated to grow by 2% over the next two years, up from a decade average of 1.3%. The number of apartments launched in 2023, is down to just 4,400 from a decade average of 12,500 pa. The housing crisis is well and truly here and is only going to get tougher as migration pours in and less homes are built.

The state of the market seems to be stable at this point, however consider those trying to enter the market, the average borrower earning an average wage with a 20% deposit has had their

buying capacity reduced by 30% off the back of the interest rate rises. The issue for developers is, how can we possibly deliver new homes at a lower price point and charge less for them to meet the average borrowers threshold?

While the future of housing supply is a hot topic, the good news is that Australia is a vast country with a relatively small population. There are many opportunities to provide housing, but our government has to incentivise and encourage development so that Melbourne and Australia can be at the forefront of providing a diverse and affordable mix of housing which will improve our current communities and create new ones for what is now Australia's largest and no doubt, best city, Melbourne.



DAVID KOBRTIZ
Executive Chairman, DealCorp

MARKET OUTLOOK

SNAPSHOT OF SPRING 2023



FORECAST POPULATION GROWTH - MELBOURNE
(FY24 - FY26)
+2.0% p.a.
(10-Yr avg +1.3% p.a.)

Melbourne's population growth is forecast to measure around +2.0% p.a. over FY2024-FY2026, supporting demand for additional and diverse forms of dwellings.

Within VIC, NOM is forecast to reach a record high +130,000 before tapering to around +95,000 p.a. during FY2024-FY2026.

FORECAST NET OVERSEAS MIGRATION - VIC
(FY24 - FY26)
+95K p.a.
(10-Yr avg growth +66K p.a.)



BTS APARTMENT LAUNCHES
(FY23)
4,400
(down -13% on FY22, 10-Yr avg 12,500 p.a.)

In FY2023, there were a total of 4,400 apartments launched (for sale) to market. This was the lowest number of launches recorded over the past decade and measures -82% below the peak levels observed during FY2016.

Apartment completions remained subtrend for the second consecutive year. Melbourne's apartment market expects to remain under-supplied as high levels of NOM absorb new stock that is able to be mobilised.

BTS APARTMENT COMPLETIONS
(FY23)
9,900
(up +56% on FY22, 10-Yr avg 14,000 p.a.)



FORECAST APARTMENT COMPLETIONS*
(FY24 - FY26)
10,500 p.a.
(down -6% on FY23, 10-Yr avg 14,200 p.a.)

Melbourne needs to build between 15,000 to 18,000 BTS and BTR apartments every year to accommodate the growing population.

Source: Corelogic, SQM Research, Centre for Population, Charter Keck Cramer.
*Forecast apartment completions inclusive of BTR.



Images taken 19th September 2023 - Civil works



Images taken 1st September 2023



Images taken 20th September 2023



CONSTRUCTION UPDATE

INDIVIDUAL LOT WORKS TO COMMENCE THIS SPRING

NOVA POLARIS 3083, BUNDOORA

Following some weeks of wonderful dry weather, civil works are nearing completion onsite. DealCorp anticipate receiving the building permit shortly which will enable Edgepoint homes to commence on the individual lot plumbing and foundation works. With the warmer months ahead, we anticipate the building works to have minimal interruptions throughout summer which will support a late 2024 completion target.

CONSTRUCTION UPDATE

THE STANDARD READY FOR SUMMER

THE STANDARD HOTEL FITZROY

The Standard Hotel is taking shape in the heart of Melbourne's buzzing Fitzroy, with external cladding now complete and internal defect works having commenced. The hotel rooms and floor lobbies are nearing completion, which will allow for loose furniture items and joinery to be installed next month.

The hospitality venues within the hotel have commenced fit-out alongside the striking lobby and other communal areas.

The local Melbourne team will shortly move on site to commence training and system set up, making way for a Summer opening.

CONSTRUCTION UPDATE

APPROACHING COMPLETION

RETAIL CENTRE BEACONSFIELD

DealCorp has been hard at work developing the commercial site at 215 Princes Hwy, Beaconsfield. The site comprises of a service station and multiple food outlets, including Hungry Jacks, KFC and Carls Jnr. As we approach completion, the sewer works, water infrastructure works, power installation, gas, NBN and remaining civil works are nearing completion, making way for occupation of our operators.

The Beaconsfield project is a great example of how DealCorp is moving through the testing property market by diversifying projects and assets. The team look forward to delivering this project late 2023.



RETAIL UPDATE

SOMETHINGS BREWING AT GLENARM SQUARE

GLENARM SQUARE GLEN IRIS

DealCorp are pleased to share that two exciting new tenants will be opening at Glenarm Square early 2024.

A boutique private medical suite will be opening their office in January 2024.

Neighbouring the medical suite will be a sleek new cafe and coffee brew bar. With a passion for all things coffee, guests can experience a unique offering in a modern setting early in the new year.

We look forward to sharing further updates as more tenants sign on to be part of the Glenarm Square community.

UDIA AWARDS 2023

DEALCORP SHORTLISTED FOR 3 CATEGORIES

DealCorp is thrilled to have two projects shortlisted for three awards at this year's 28th UDIA Victoria Awards for Excellence. The prestigious industry awards showcases the best recently completed projects in various categories in each state, including urban design, affordability, urban renewal, high and medium density, as well as general residential and master-planned developments.

Glenarm Square, completed in late 2022 is shortlisted for best mid-rise development as well as best marketing campaign. MCKN has been shortlisted for best medium density development. These projects are each a landmark in their own right and show how forward thinking planning, design and execution can result in projects which will stand the test of time.

The awards ceremony is on Friday Dec 1st 2023.

CORPORATE PROFILE

DOWNLOAD HERE!

DealCorp is pleased to share our latest corporate profile for 2023. Showcasing our extensive experience and project deliveries, our corporate folio acts as a timeline of great work achieved these past four decades.

Having delivered dozens of projects and thousands of apartments, townhouses and retail shops, it is enjoyable to flick through this document to see how our developments helped to shape suburbs and communities .



Glenarm Square, Glen Iris



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DealCorp.

AWARD-WINNING PROPERTY DEVELOPERS EST. 1984

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Awarded to
C.F. Row, Fitzroy



Awarded to
Polaris 3083, Bundoora



Awarded to
Glenarm Square, Glen Iris



 realestate.com.au
Annual Excellence Awards
Apartments Campaign of
the Year - VIC & TAS