DealCorp.

SPRING UPDATE 2025

Patience

A quality every successful property developer, builder, financier, engineer, architect, consultant, valuer, conveyancer, and project manager has needed in this current climate.

The struggle developers face between affordability and viability has resulted in a stagnant supply chain which may take until the end of the decade to catch up. Supply is critical to ensure affordable housing is delivered in major cities and for them to remain attractive havens in various sectors of business, education, health, and lifestyle. Without affordable and varied housing, our cities have been 'priced out' many essential workers will not be able to afford.

While 2025 has tested most of our patience, this period has been a long time coming and no property professional should be surprised. The unbelievable amount of red tape, planning constraints, inconsistent reforms, high taxes and increasing construction constraints have resulted in a vacant, near craneless eternal sky in Victoria. Not helping is our government who is out of touch with the real issues facing our industry. It was recently announced that 'red tape' will be cut for single homes to be built on land smaller then 300 sqm – if it meets a shopping list of additional standards.

These newly announced reforms are on the back of the 'Townhouse and Low-Rise Code' which may allow developers to apply for faster permits for projects up to three storeys. These assisted reforms do not cut the red tape and does little to solve the real issue – the 1.2 million home target set out by the federal government which they still think is achievable by 2029. For context, at peak supply of housing in FY 2017, approximately 220,000 new dwellings were delivered, this is still short of the estimated 240,000 the government has suggested our country needs to keep up with the demand. Leading industry research firm, Charter Keck Cramer who recently described the Melbourne property market as 'dislocated' released data from the ABS showing demand for apartment living increased across all age groups from 2006 to 2021.

The data revealed young adults in their 20's relied on apartment living as a key stepping stone to home ownership and the ability to move out of their family home. While the demand continues for larger sized apartments, the market must remain conscious of where we are sitting from a price per sqm perspective.

The denial and false reality our government continues to campaign, demonstrates their reliance, yet complete misunderstanding of the private sector. Private developers have propped up affordable housing for the best part of three decades across Australia. Earlier this year it was reported by URBIS that owner occupier grade apartment stock is pushing over $19,000 a square meter. Hence, a 100 square meter apartment which is likely a two or three bedroom pending what planning laws are in play that week and will likely cost the purchaser $1.9 million. Putting the long term issues of taxes and construction costs aside, the private sector appears to be the only solution of the government, to assist in delivering affordable and diverse housing to a starved market. In order to achieve this some strong incentives need to be introduced and rolled out at a very fast pace.

Property development has become a complex and prolonged business where risk outweighs reward. A decade ago, projects which had a 4 year cycle from purchase, to permit and completion have turned into a 8 year undertaking. Australia remains desirable and resourceful. As our population swells and wealth grows capital needs to circulate and our government needs to assist the private sector in preparing for new trends and new processes so we can accommodate the upcoming and aging generations simultaneously in an affordable manner.

David Kobritz

DAVID KOBRITZ
Executive Chairman, DealCorp

The StandardX Rooftop is Open!

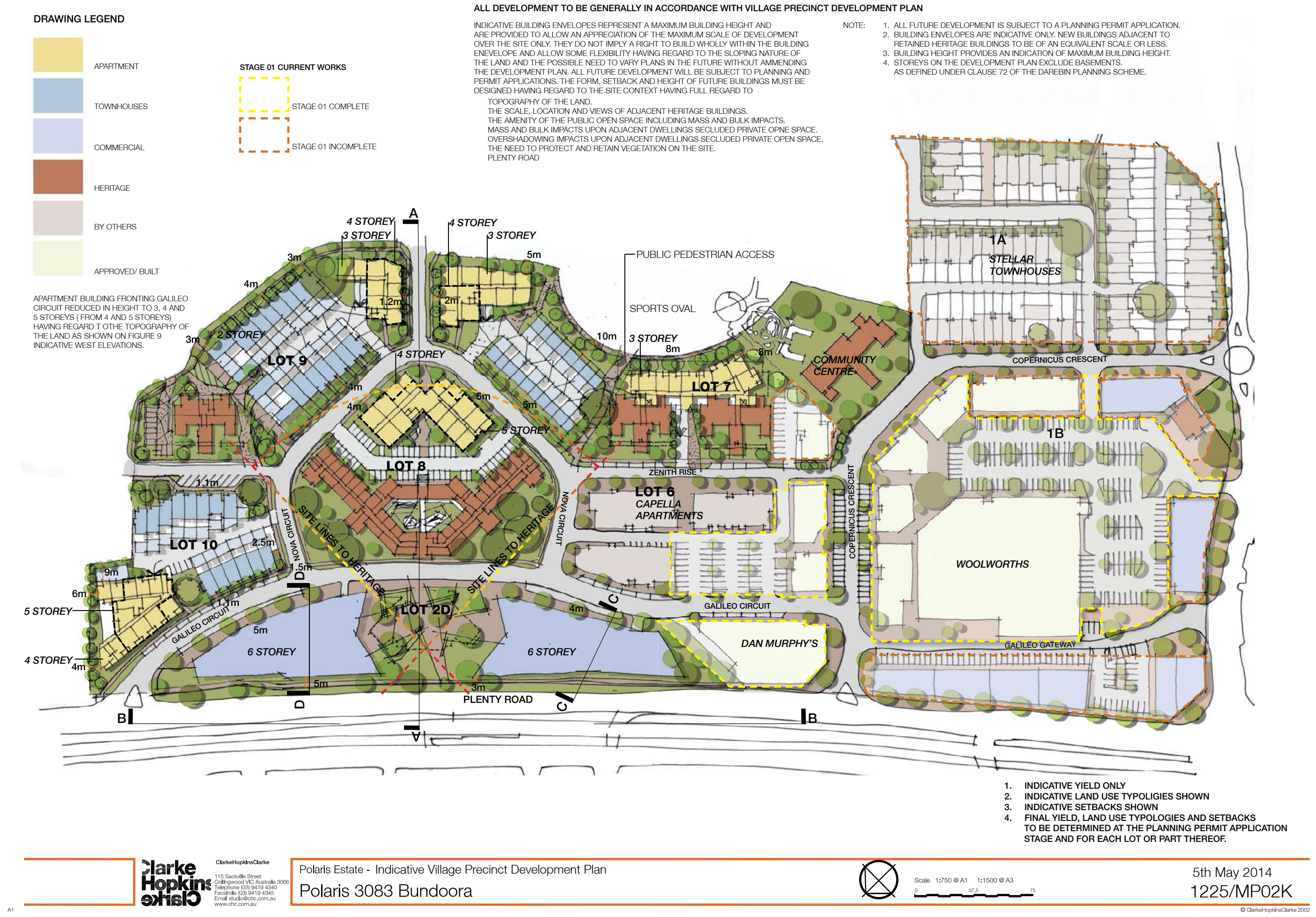
Summer is near which means balmier days and longer nights and the Rooftop at The StandardX is ready and waiting to host your group of up to 50 guests! Now fully enclosed and Melbourne weather-proof, the Rooftop has an incredible selection of drinks and snacks for smaller catch ups and longer days celebrating Melbourne!

See more

NOVA, final stage nearing completion!

Nova Townhouses & Terraces is slated for completion Spring 2025, with the final lot of terraces shaping up nicely behind the restored heritage brick façade at the northern end of the Polaris 3083 site. Nova is the final stage to be complete from the original masterplan conceived over 15 years ago. Nova shows how finesse and dedication can produce a long-lasting project which perfectly balances modern design and built form with heritage features and restoration.

POLARIS 3083 – ORIGINAL MASERPLAN VISION



POLARIS 3083 – A VISION REALISED

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