

Media release

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Demand for Melbourne apartments remain strong as new supply comes online

The Urban Development Institute of Australia's (Victoria) Apartment Research Breakfast has highlighted new research by Charter Keck Cramer (Charter). The Institute's quarterly research breakfasts covering the apartment market and greenfield land markets are the industry's most respected source of intelligence.

The Institute's Victorian chief executive Danni Addison said, "the research clearly tells us that while Melbourne is experiencing a surge of new apartment supply, this does not automatically equate to an oversupply."

According to the recent [Victoria in Future](#) report, Melbourne's inner and middle suburbs are expected to grow by almost 1 million from 2015 to 2031.

"These figures reinforce an unwavering demand for housing in Melbourne," said Ms Addison.

"Melbourne's apartment market is still maturing, after all apartments only became a real housing choice for Melbourne less than 20 years ago. The media headlines report price falls, oversupply and settlement defaults, however this is often oversimplified without adequate evidence or justification.

"The industry's focus remains on the fundamentals such as strong population growth and the stability of our local economy. This research shows that supply is strong, and the rental market is playing an important role in addressing any temporary demand and supply imbalances."

The research shows that Melbourne's inner and middle suburbs are gaining ground with apartment developers.

"We will see increasing demand within inner and middle suburbs as Melbourne's apartment market matures. Therefore, pressure will be on the availability of developable land," said Ms Addison. "Policy-makers need to deliver appropriate mechanisms to facilitate growth in these areas."

Key research findings:

- 120 new projects were released in the first half of 2016 (H1-2016), incorporating 12,600 new apartments.
- 26 projects were released in the middle region of Melbourne during H1-2016, which accounted for 20% of all apartments released across the city as compared to 10% of releases in 2010. In this region, there were seven projects of more than 100 apartments as compared to only three projects of more than 100 apartments in 2010.



- 18,860 apartments are expected to be completed in 2016 with a further 20,730 apartments now forecast in 2017, although 7,100 apartments (across 167 projects) have not yet commenced construction.
- 150 projects were completed across 64 suburbs in H1-2016 at an average of 62 apartments per project. The highest number of completed projects were in North Melbourne, Collingwood, Brunswick East and Bentleigh, Brighton and Malvern East with new projects also observed in diverse suburbs such as Bayswater, Ringwood East, Altona and Caroline Springs.
- Melbourne has clearly been the primary destination for offshore developers. The number of apartments being delivered by Chinese developers is almost evenly split between Melbourne and Sydney. In contrast, developers from Singapore and Malaysia are more prominently represented in Melbourne.

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ABOUT: URBAN DEVELOPMENT INSTITUTE OF AUSTRALIA

The Urban Development Institute of Australia (the Institute) is a nationally recognised body that advocates for Australia's urban development industry. In Victoria, the Institute informs and engages government and industry members, **enabling better policy and better business decisions.**

With a primary focus on the residential property sector, the Institute protects and promotes over 350 member companies across Victoria including developers and a range of other professionals involved in producing, financing and marketing residential property.

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