

# Land sales boom for new city fringe housing estates

Simon Johanson

The land boom across Melbourne and Geelong's growth areas is gaining traction as housing estate lot sales soar close to peak levels last tapped four years ago.

About 6508 land lots were sold in the fringe growth corridors of both cities over the three months to the end of last year, nearly double the previous December 2019 quarter, RPM Real Estate Group's latest *Residential Market Review* shows.

The strong uptick in city fringe land sales, popular with first time buyers and families, is tracking the path of the pandemic and the government's \$25,000 HomeBuilder boost designed to counter it.

Nearly half of all the 6508 new land buyers will be eligible for the grant, extended to March 31 this year, and another 14 per cent can claim the smaller \$15,000 grant, RPM estimates.

Those buyers will get a combined \$95 million courtesy of taxpayers if they take up the grant, which gives purchasers up to \$25,000 if they start building their house within six months of buying.

"The outlook for the residential property sector is the most positive it has been in some years," RPM chief executive Gary Dunne said.

"It's clear that the impact of HomeBuilder has been swift and effective. Inquiries and deposits rose to levels not seen since the peak of the property market in late 2017," he said.

While lot sales in new housing es-



From June to December last year 17,382 applications for new builds were lodged in Victoria. Photo: Paul Rovere

tates usually lag behind movements in established house prices, they are now tracking Melbourne's older suburbs where home prices are surging at their fastest pace since 2003.

That has resulted in a corresponding upswing in construction. "Finance approvals by owner occupiers to build in the December quarter are 80 per cent higher than the same quarter a year ago," ANZ associate director of property Daniel Gradwell said.

From June to December last year 17,382 applications for new builds were lodged in Victoria, higher than all other states and territories. Given the demise of

apartments, most are likely destined for housing estates.

Nigel Satterley, boss of Perth-based Satterley Property Group, said sales were around 80 per cent of previous boom times.

In a sign of more positive times, the group will spend up to \$600 million by the end of the year buying more development land in Victoria.

"It's early days, but we're seeing a return of investors," he said.

The land surge, however, is not leading to a rise in lot prices. Melbourne's median lot price and median lot size edged lower by 0.5 per cent in the December quarter to \$304,000 and 392 square

metres, respectively.

The boom is also likely to fade after HomeBuilder ends in April.

Housing estates won't be able to rely on overseas migration and population growth to boost sales, a traditional source of new first-time buyers that has been savaged by COVID-19 travel restrictions.

However, Mr Dunne said Victoria's rental reforms might shift property investors' focus from buying established homes, that could require significant repairs under the new laws, to newly built, maintenance-free dwellings, a trend that would benefit new housing estates.

## Beauty brand moves to new Clayton hub

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The manufacturer behind natural beauty brand Sukin has signed a 10-year lease to occupy a purpose-built factory and office in the new ESR Clayton Business Hub.

Developer and property owner Hong Kong-listed ESR Australia said it has signed BWX to anchor its new business park, with the lease starting later this year.

BWX is a \$609 million ASX-listed wellness and natural beauty manufacturer with global reach which also counts Nourished Life, Andolou Naturals and Mineral Fusion among its brands.

The manufacturer's building will cover 18,000 square metres in ESR's hub, about 46 per cent of the facility's total lettable area.

ESR acquired the 6.4 hectare Clayton site in December 2019 when it had several outdated factories on it which were subsequently demolished, making way for a 5 Star Green Star rated development where BWX is the first tenant.

The group's chief executive Phil Pearce said the site will hold another 21,000 sq m of office and warehouse space, with flexibility to accommodate buildings from 2000 sq m to 18,000 sq m in size.

"The purpose-built facility will allow us to bring our manufacturing facilities and support office all under one roof, while at the same time significantly increase our capacity," BWX chief operating officer Rory Gratton said.

## MARKET WRAP

### SALES

#### Tullamarine

Jackson Motor Company has acquired 1-3 Freight Road in a deal negotiated by JLL's Anthony Cannizzaro and Mario Moscon. The 1066 sq m warehouse and office sold for \$3 million. It was put on the market by Han Group.

#### Mt Waverley

A fully leased office showroom at 207 Blackburn Road sold for \$445,000 over the reserve in a hotly contested auction. Teska Carson's George Takis said the property, with potential development upside, was knocked down at \$3,445,000 on a 4.2 per cent yield.

#### Brunswick

A single-storey shop at 644 Sydney Road sold at auction for \$888,000 on a 3.8 per cent yield. Gorman Commercial's Dean Alexander and Tom Maule said more than 80 inquiries were received with multiple bidders on the day.

#### Epping

An owner-occupier paid \$800,000 for a 378 sq m industrial property in the Connect North Industrial Estate. Colliers International's Mitch Parcell and Corey Vraca negotiated the deal at 1/26 Constance Court on a building rate of \$2116 per sq m.

IMAGE: RPM

#### Clayton

Unit 6/6 Clayton Road, leased to long-standing tenant DMG Mori Australia Pty Ltd, sold at auction for \$1.86 million, on a 4.8 per cent yield. Crabtrees Real Estate's Gavin Dumas and Joe Monea said the unit was leased for \$90,000 per annum. More than 40 bids pushed the sale price \$200,000 above the reserve, Mr Dumas said.

#### Pakenham

About 50 people watched four bidders compete for 53-55 John Street. The Salvos occupied showroom fetched a final price of \$95,000 above the reserve. It went for \$1.82 million on a 4.94 per cent yield. Gross Waddell ICR's Andrew Greenway and Andrew Waddell said.

### LEASES

#### Clyde North

Retailer Home & Party World has leased 1023 sq m for their second store in MAB Corporation's Clyde North Lifestyle Centre. Leedwell Property's Chris Parry said Home & Party will join other major retailers like ALDI, Repco and PETstock in the centre. Rates achieved for showrooms are generally between \$210 and \$260 per sq m net.

#### Cranbourne West

Brighton Flooring will move into a



207 Blackburn Road sold for \$445,000 over the reserve.

1276 sq m facility in a new lease negotiated by Colliers

International's Fraser Pearce. The firm signed a 3-year lease at net face rent of \$85 per sq m at 4 Palomo Drive.

#### St Kilda

A shop at 168-170 Acland Street has leased for \$350 per sq m. The ground floor leased for \$700 ps m and the first floor for \$255 ps m, Gorman Commercial's Nathan May and D'Andrea Rao said. Veludo will open a bar/club on the premises under a 5-year lease at commencing rent of \$127,500 per annum.

#### Rowville

Line marking business Mainliner Pty Ltd will move into a warehouse at 11 Hi-Tech Place on a 3-year lease. Colliers International's Harry Larwill and Andrew Chrapot said Mainliner Pty Ltd will occupy 510 sq m at net face rent of \$108 per sq m.

#### Armadale

More than 50 inquiries were received to lease 13A Rose Street, Gorman Commercial's Nathan May and Andrew Prowse said. Cafe operator 30 Mill secured the property on a 5+5+5+5 year lease

at rent of \$35,000 per annum.

Gazman will open a store at 722 Glenferrie Road. Gorman Commercial's Nathan May said the retailer signed a 3-year lease at commencing rent of \$73,000 gross per annum.

#### Hoppers Crossing

A refurbished office warehouse at 87 Elm Park Drive has leased for \$115,000.00 per annum, at a building rate of \$112 per sq m. CVA's Matthew Alderman said a cricket player/development coach took a 5-year term over the building.

#### Bayswater

A Turkish leather apparel and homewares importer has signed a new 3-year lease at 15/49 Corporate Boulevard at starting rent of \$18,000 per annum. The 164 sq m industrial building has a small 2-level office and high clearance warehouse, Gorman Kelly's Glen Neilson said.

### MOVERS

CBRE has recruited Paul Kernan to a newly created role leading the firm's specialised Property Management - Industrial & Logistics platform. Mr Kernan joins CBRE after seven years at Colliers International.

sjohnanson@theage.com.au