

Building Up

A Guide to the Changing Residential Landscape



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Introduction

The residential landscape in Australian capital cities is evolving to demand a better use of space and increased functionality, to service what is becoming a higher and denser population.

Two in three Australians currently live in a capital city and projections show further population concentration. In 2013, 15.3 million Australians (66 per cent) lived in a capital city and it is projected to increase to 72 per cent in 2053.¹ With Australia's growing population, it is vital that housing availability adapts to provide for the population.

The move to adapt to the growing density within capital cities is being seen in the move away from detached housing to multi residential or higher density living. In January 2015, multi-unit building approvals jumped by 17.5 per cent to a level 24.3 per cent higher than a year earlier.² January marked the second month where the total number of multi-unit dwellings approved eclipsed the number of detached houses approved. In particular, Queensland saw a sharp spike in multi-unit approvals, with solid levels of multi-unit approvals in New South Wales and Victoria.³

This white paper examines the factors driving the changing residential landscape in Australia.



Housing affordability

Owning your own home is the great Australian dream; however, due to a lack of affordable housing, Australia has been experiencing declining levels of home ownership for some time.⁴

According to the Council of Australian Governments (COAG) Reform Council, there's a disconnect between supply and demand in the housing market, resulting in a shortage of supply. Only 28 per cent of homes sold Australia-wide are affordable to moderate-income households. This shortage of supply has led to an increase in housing costs.⁵

The problem of housing affordability has pushed consumers towards lower cost, multi dwelling solutions; medium and high density housing.⁶

A changing population

Changes in Australia's population include an increasing prevalence of childless families and those with fewer children. Many Australians are choosing smaller properties and those requiring lower maintenance.

According to Jon Rivera, Director of Urbis, the residential market is built off the 25-30 year old bracket and baby boomers. Rivera says these groups are making a "trade off" to cope with the cost of living and it's having a major impact on demand in Brisbane's apartment sector.⁷

In particular, the ageing population is set to have a phenomenal impact on the housing scene. Since 1970, the proportion of people aged 65 years and over has increased to 13 per cent; a figure which is set to almost double, to 25 per cent in the next 40 years.⁸

Land supply and cost

Land prices, particularly in capital cities, are on the rise. The median selling price for both metropolitan and regional land increased 6% in the last financial year in capital cities (to \$247,000) and 0.6 per cent in regions (to \$156,000).⁹ This growth, driven by a lack of vacant residential land and an overall reduction in land size, is driving people to increase the accommodation potential on smaller land parcels by building higher.

Cultural diversity

The cultural and linguistic diversity of Australia's resident population has been reshaped over many years by migration.¹⁰ Historically, more people immigrate to, than emigrate from, Australia, with 28 per cent of Australia's population born overseas.¹¹

Compared to those born in Australia, migrants show a tendency to settle in major urban areas. While 64 per cent of Australian-born people lived in a major urban area of Australia in 2011, 85 per cent of those born overseas lived in a major urban area.¹²



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Inner-city living

Increased concentration of Australia's population in major cities is driven by the appeal of inner-city living. Its benefits include a reduced commute to work, easy access to transport and other resources, as well as a vibrant social scene.¹³ Rising demand for inner-city living is a key factor driving applications for multi-unit development.

International students

Australia is one of the most attractive study destinations (second only to the USA and Canada), offering a strong, stable economy, low unemployment and good employment prospects for international students seeking work during their studies and after graduation.¹⁴

Although the number of international students has slowed over the past five years, the proportion of students staying in purpose-built student accommodation has grown substantially.¹⁵

At the same time, the supply of Australia's purpose-built student accommodation is not keeping pace with the rise in student numbers, particularly those from overseas. Currently, Australia has less than one bedroom of purpose-built accommodation for every 10 students driving the need for more high density apartments.¹⁶



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Encouraged development

Development is being encouraged and approved around transport, shopping areas and education by new rezoning, changes to planning and moves towards sustainable urban growth. NSW, in particular, has seen changes in zoning to allow for high density developments.

Since March 2014, UrbanGrowth NSW has taken control of larger parcels of unused land to deliver major urban transformation programs. An example is the Parramatta North Urban Transformation, a project that seeks to renew approximately 146 hectares of NSW Government-owned land and transform it into a vibrant new residential area providing 4100 new homes and 4000 new jobs for Parramatta and Greater Sydney.¹⁷

To encourage development in many ex-Landcom areas, the government is managing its decontamination and implementing infrastructure.

The North West Urban Transformation Program is another example. It was set up to consolidate the benefits created by the new \$8.3billion North West Rail Link rapid transit system, extending from Epping to Cudgegong Road (Rouse Hill) in North West Sydney. The program aims to create urban centres at each station by delivering a vibrant mix of residential, commercial and retail land uses that respond to the local settings and market factors.¹⁸



Increased investment

In September 2014, housing investment interest reached a 6.5 year high, with growth in investor housing credit reaching 9.5%. By comparison, owner-occupier credit rose just 0.1% over the same period to September, to 6.8 % annualised.¹⁹

International investment is also having an impact on the housing mix. Australia is a hotspot in particular for Asian property investors, ranking most popular for Indonesians and second most common investment destination for Malaysians, Singaporeans and Indians, due to its proximity, quality education and lifestyle.²⁰ These Asian investors historically favour one and two bedroom apartments in larger cities such as Sydney, Melbourne and Brisbane, where their children can attend top universities and they can achieve the best rental returns for their investment.²¹





Failure to properly manage a reduction in floor space by utilising space saving product solutions can result in impractical bathroom designs

Efficient and functional

The shift towards medium and high density housing requires living spaces that are efficient, functional and sustainable, particularly in terms of bathroom design.

If not considered carefully, a reduced floor space can result in impractical bathrooms with a lack of storage, non-functioning cupboard doors and poor turning space. Negative features such as these can limit the property's appeal to buyers and are particularly unappealing to the ageing population with manoeuvrability issues.

It is important to incorporate into any design, opportunities for efficient waste, water and energy management once the building is occupied.²² Building sustainability into a design to achieve a high environmental rating for the building (such as a Green Star), not only makes the space more liveable, but minimises the environmental impact of the development. This can help Australia's greenhouse gas emissions and delivers health benefits and financial savings for building occupants.²³

An example of a medium density residence that displays these features is Waters Edge Apartments at Rhodes, NSW. GWA Bathrooms & Kitchens achieved

an appealing balance between function and aesthetics, as well as meeting the sustainable design requirements for the development through the use of water efficient tapware, showers and toilet suites.

GWA Bathrooms & Kitchens also worked to combine design, aesthetics, functionality and environmental efficiency at Uno Apartments, Adelaide²⁴ and Mainpoint Apartments, Melbourne²⁵ with integral shelf basins and water saving tapware contributing to the overall solution.

GWA Bathrooms & Kitchens' commitment to pairing smart, space saving products with high performance, water efficient solutions enables a powerful contribution to the green star rating of a development and its NatHERS, Nabers and Basix requirements.

Many highly efficient apartments are seeing the return of shared facilities (e.g. laundries) to developments and the incorporation of laundries in bathrooms. These facilities can utilise GWA Bathrooms & Kitchens' smart solutions, including; slimline laundry cabinets, reduced sized inset or flushline tubs and undermount sinks, which can be used in place of larger tubs.





Caroma can assist industry professionals in developing their commercial and residential bathroom and kitchen design solutions

Smart solutions:

Caroma, Australia's leading bathroom brand, offers smart, space saving solutions that deliver stylish looks and exceptional functionality to any design. These include toilet suites, wall hung basins, smaller baths and mixer taps.

Our comprehensive website assists industry professionals in developing commercial and residential bathroom and kitchen design solutions.

Caroma's project specific sales force and customer service team are dedicated to supporting clients and assisting in product selection and providing advice and/or recommendations. Our aim is to help you create beautiful, lasting bathrooms that support the success of your projects.

For beautiful, efficient and practical, choose Caroma.



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