

Inner city buyers want to maximise indoor space and value terraces over townhouses: Secret Agent



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Inner city buyers don't prioritise private outdoor space and will pay more for terraces than townhouses, according to research from Secret Agent.

BUYERS in Melbourne's inner suburbs want to maximise indoor space as courtyards and gardens get the chop in the trade off for a city lifestyle.

That's the trend noticed by Secret Agent buyer's advocates, who have pulled together what they say is the city's first index based on internal price per square metre — showing the value of the great indoors.

Price per square metre indexes are usually based on total block size.

But Secret Agent's research specifically looked at internal space of terraces and townhouses sold in 31 inner Melbourne suburbs last year.

On average, Victorian, Edwardian and Federation terraces attracted about \$5000 more per square metre than their modern townhouse counterparts.

The average internal price per square metre of terraces was \$13,155, while the average of the townhouse sample was \$8387.

Outdoor space was far less valuable than indoor rooms with both samples.

Secret Agent director Paul Osborne said having a garden or courtyard was not a priority for several different demographics of inner city buyer.

"We're seeing a lot of people who are perhaps looking to downsize from where they are currently located and they're done with the garden and maintenance," he said.

"They're perhaps in the boomer generation, they want the lock up and leave place — they don't want to do the garden over the course of the weekend."

“Then there’s a younger demographic spending less time at home and they’re out more often and don’t have the time to upkeep.”

Mr Osborne said it wasn’t that people didn’t want spare land — they were just happy to trade it off for essentials such as a third or fourth bedroom.

“You’ve got families who are positioning themselves in the inner city. They need a lot of accommodation and that’s another trade off for the right school zone,” he said.

“I think they’re substituting the park close by for the backyard that they don’t have. They’ve got a park close to them, transport close to them, school zone or some sort of amenity that is useful for them that they can trade off for.”

The research also suggests buyers want to avoid long waits for the shower each morning.

Terraces with two more bedrooms than bathrooms sold for \$74,000 less than homes with one more bedroom than bathroom.

And those with three more bedrooms than bathrooms sold for up to \$205,000 less.

The most affordable suburbs for terraces in 2016, based on price per internal square metre, were Flemington (\$10,262), Brunswick (\$10,422), Kensington (\$11,096), Brunswick East (\$11,361) and Northcote (\$11,403).

Not surprisingly, the most expensive based on that formula were on the other side of the Yarra.

Middle Park terraces had the largest average price per internal square metre (\$17,357), followed by Albert Park (\$17,155), South Yarra (\$16,006), East Melbourne (\$15,299) and Carlton North (\$14,799).

Meanwhile, townhouses provided a more affordable option for buyers in the inner suburbs.

The most affordable suburbs for townhouses based on internal price per square metre were West Melbourne (\$7128), Kensington (\$7288), Brunswick East (\$7503), Brunswick (\$7515) and Northcote (\$7544).

The most expensive were South Yarra (\$12,008), Prahran (\$10,692), Port Melbourne (\$9877), Richmond (\$9307) and Collingwood (\$9285).

Mr Osborne said terraces were valued more highly for their period character, potential to add value without considering an owner’s corporation — and they were often in the best spots.

“They were there first. They chose the position 100 years ago in the best spots in Melbourne, across the road from a park, on a quiet tree-lined street,” he said.

“Townhouses fit in with older industrial sites where things were demolished and therefore the position of townhouses doesn’t tend to be as good as some of the terrace’s can be.

“There may also be a little bit of an indication from the research to developers that much of the townhouse product is simply not good enough and not worth paying more for than what the figures would suggest.”

But Mr Osborne said townhouses potentially offered the most value to buyers.

“I think if people are wanting value and trying to create as much accommodation as they can within an inner city environment, congested environment, townhouses in a pricing sense probably give more value than apartments based on the square metre rates,” he said.

“A lot of apartment buyers are paying high per square metre rates to be in a big complex. We think terraces are where they should be but townhouses’ square metre rate is probably a little bit less than perhaps we thought it might be prior to doing the research.”