

Outdoor space more valuable the smaller an apartment in Melbourne: Secret Agent report

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The value of outdoor space in Melbourne's apartment market increases the smaller the pad: report. Picture: Rob Leeson.

OUTDOOR space is more valuable the smaller the apartment, according to a recent report.

Research from Secret Agent buyers' advocates concluded one-bedroom inner Melbourne pads with a balcony were expected to sell for almost 12 per cent more than those without.

But the value per square metre of private outdoor space dropped as apartments got bigger — with no significant impact on the sale price of those monitored with three or more bedrooms.

The research looked at more than 1200 inner Melbourne apartments sold last year.

“While internal apartment space in inner Melbourne is worth about \$8400 per square metre, outdoor space (i.e. a balcony) is valued at about \$1500 per square metre,” the report states.

“(But) This doesn't necessarily mean that a developer is better off building more roomy apartments and foregoing outdoor space altogether.”

The one-bedroom calculations compare with internal two-bedroom apartment space being valued at about \$7300 and external space at about \$1330 per square metre.

Per square metre, the worth of external space decreased further for three and four-bedroom units.

The report suggested possible reasons for the value boost balconies offered included small apartments were less likely to have an outdoor area, making it more valuable, and a balcony could extend the living room, making the city's smaller spaces seem less cramped.

Meanwhile, the opposite seemed to be true for indoor space.

"As mean apartment size increases, price per square metre of indoor space increases on average," the report states.

Secret Agent's September Supply report showed outdoor space for one and two-bedroom apartments planned in Melbourne was barely bigger than the minimum set out in the State Government's design standards.

The new design standards, to be introduced in March, outline minimum outdoor space of 8sq m for one and two-bedroom apartments, with a minimum dimension of 1.8m and 2m respectively.

Secret Agent director Paul Osborne said apartments that only just met these standards or lagged behind would struggle to sell.

"There's another pipeline of more and more due to be put into the market and a lot of those apartments are going to find it quite difficult because they miss a point of difference or the scarcity of a bigger terrace," he said.

"I'd be very hesitant from a buyer's point of view to be looking at these apartments that don't meet the criteria."

"From an observational perspective, I think it's still very important to have a balcony — particularly as there's been a lot more supply of the common, basic apartments.

"I think a very generous-sized balcony gives it a bit of scarcity which some of the apartments struggle to get.

"Generally, the first thing people that come to us want if they're buying an apartment is an outdoor space such as a balcony, and some northern light, as well and they're happy."

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