

Domain INVESTMENT CHRIS TOLHURST

A big future for small apartments

One-bedroom units will benefit from a steady shift towards solo living.

MANY people reject the idea of buying a one-bedroom apartment in the belief they are too small and boxy and might be hard to resell. If you're in this group of sceptics, it's time to change your thinking. Shrinking household sizes, a fast-growing population and Australia's housing shortage point to a rolled-gold future for well-located one-bedroom units.

The big trend in housing in the next 20 years will be an increase in demand for smaller dwellings. According to the Australian Bureau of Statistics, the number of one-person households in the country will surge to between 3 million and 3.6 million by 2031, a huge increase on 2006 figures when 1.9 million people lived alone.

Expect more "double income no kids" couples, or DINKS, to be buying and renting properties, too. Greater numbers of parents also will be moving from baby boomer to empty-nester status. The ABS forecasts that couple-only families will overtake the number of couple families with children in 2013 or



A balcony adds space and value, making a one-bedroom apartment as appealing as a larger unit.

2014. By 2031, DINKS are expected to account for up to 60 per cent of people living in couple relationships.

Households increasingly will require just one bedroom. Jack Brukarz, who founded the Apartment Superstore in Melbourne in 2005, says housing affordability issues are boosting buyer acceptance of one-bedroom units.

"Everybody, if they could afford to, would like to live in two-

bedroom apartments of 70 square metres to 75 square metres but that can cost \$600,000 to \$650,000, which is more than younger people or investors want to pay," he says.

Mr Brukarz says the rising cost of construction and recent increase in apartment prices have forced a practical solution: smaller apartments built according to affordability.

Developers are including more one-bedroom units in their

projects. Investors need to tread carefully, though, because many new units are smaller than those built five years ago.

The Oliver Hume Real Estate Group assessed 30 new off-the-plan projects, with a total of 3420 units, which were put on the market around Melbourne in the first three months of this year. It found one-bedroom units had a median size of 48 square metres, 4 per cent smaller than the typical unit in a

development launched in the 2010 December quarter. The size of two-bedroom units fell almost 6 per cent to 66 square metres during the same period.

But in a sign of changing attitudes to smaller units, the drop in size for one-bedroom units hasn't been matched by a decline in the median entry price, which jumped by \$17,000 to \$387,000.

Real estate agent Eugene Louey of Barry Plant Docklands says while apartments are getting smaller, there is now "more of a mix" of one-bedroom styles and layouts.

He says in Docklands a one-bedroom unit without a car space recently sold for \$380,000.

With a parking space, a one-bedroom unit will sell for up to \$430,000.

Many people think that a one-bedroom apartment will be boxy and uninviting but if the layout works, the apartment can have as much appeal as something larger. There needs to be ample storage and, if possible, a balcony — the outside area will add a good deal of amenity and space and, therefore, value to your investment.

Mr Brukarz says developers are devoting more attention to eliminating wasted space and corridors in small units and to creating well-designed combined living room/kitchen spaces. "The challenge is to build smaller accommodation that has a better, more efficient design, so that you maximise the use of the internal space," he says.