



Mark Pomeroy, CEO, Pomeroy Pacific
Mark Pomeroy leads the strategic direction and operations of the Pomeroy Pacific business and is known for his matchless ability to create opportunities for his clients and his appetite for consistent and unrelenting hard work.

The Ring, Gate of Ringwood
Architecturally striking, The Ring is prominently positioned abutting the Eastlink Trail, Eastlink Scoresby Freeway and Frankston Mitcham Freeway, with the Ringwood train line along its southern boundary. The Pomeroy team have been engaged following a superior track record for negotiating planning outcomes on behalf of our clients with strategic, yet challenging sites where multiple authorities are involved.

MELBOURNE'S APARTMENT MARKET UNDERSUPPLIED WELL INTO 2018

Mark Pomeroy, CEO of Pomeroy Pacific, shares his in depth analysis for the upcoming year and highlights some of the challenges and opportunities that will be present in the market.



Victoriana, Melbourne

Victoriana redefines luxury living in Melbourne. The client recognised Pomeroy Pacific's unique understanding of design and construction excellence and has subsequently engaged Pomeroy Pacific to manage the delivery of this iconic Queens Road development.



Global advisory firm BIS Oxford Economics (BIS) recently concluded that, as Melbourne's population is growing faster than expected, the city may be facing an under-supply of apartments.

This revised forecast which followed the consultancies previous warnings of an apartment glut in the Melbourne market – is based on census figures showing the state has 109,000 more people than previously anticipated.

Several experts have been quick to warn this could lead to a serious housing issue for the city many tip to become Australia's largest within ten years.

Mark Pomeroy, CEO of Pomeroy Pacific, Melbourne's leading development advisory and project management firm, is clear about the challenges facing new development projects and believes many unfortunately won't proceed.

He agrees with many commentators that foreign and local investors are out of the market due to stamp duty changes and banks pulling back on lending to this market.

Mark believes the impact of foreign stamp duty taxes (now 12% for foreigners) and the new rule requiring investors to pay stamp duty on the purchase price of apartments when buying off the plan can't be overestimated.

“This very significant change has removed Melbourne's competitive advantage and the motivation for purchasers to buy off the plan. Without off the plan sales, projects will not achieve their minimum pre-sale requirements, he stated.”

As a consequence, they will not proceed. He flagged that while the slowdown in larger scale projects will result in more stock designed for downsizers, this does not actually address the current, fundamental challenge of housing diversity at affordable prices or even rental availability at affordable prices.

Mark also drew attention to the significant concerns created by Better Apartment Design Standards (BADS). He stressed BADS has created improvements by mandating minimum standards for apartments, however, the recent height and set back regulations make it difficult for developers to provide the smaller investor focused apartment. This has also considerably dampened supply.

“In my view, the BADS and mandatory controls need to be more discretionary and should be considered on a case by case basis. There is no question that changes were required, however, those changes needed to allow for a diversity in the products provided, he said.”

2018年墨尔本公寓市场将持续供不应求

Pomeroy Pacific首席执行官Mark Pomeroy分享了他对来年的深入分析,并强调市场上将面临一些挑战和机会。

全球咨询公司BIS Oxford Economics(BIS)最近指出由于墨尔本的人口增长速度超出预期并可能面临公寓供不应求的情况。

这个修订后的预测是在墨尔本市场咨询公司过去曾经警告说公寓过剩的情况下进行,而这是根据人口普查数据显示,该州人口比以前预期多109,000人。

数名专家已经快速警告这可能会导致严重的住房问题,并成为澳大利亚十年内遇到的最大问题。

墨尔本领先的发展咨询和项目管理公司Pomeroy Pacific首席执行官Mark Pomeroy明确表示新开发项目面临很多挑战并相信当中有些会胎死腹中。

他同意很多评论人士所说,外国和本地投资者由于印花税的变化及银行撤回市场的借贷而退出市场。

Mark认为不能高估外国人印花税(现在外国人的印花税为12%)及要求投资者在购买计划时支付公寓购买价格的印花税的新规则。

"这个重大变化已经让了墨尔本的竞争优势转变为零,并大大减弱购买者购买计划的动机。他表示在没有计划销售的情况下,项目无法达到最低限度的预售要求。"

因此,这类项目不会进行。他指出虽然较大规模项目的放缓将导致更多小型项目的搁置,但这实际上并不能以可承受的价格解决住房多元化目前面临的根本性挑战,甚至无法以可接受的价格解决租赁问题。

Mark还提示要注意Better Apartment Design Standards (BADS)带来的重大影响。他强调,BADS已经通过强制规定最低标准的公寓标准而取得改进。然而,最近的高度和规定使开发商难以为小型投资者提供集中公寓。这也大大抑制了供应量。

"在我看来,BADS和强制性控制需要更多的自由裁量权,并应该逐案考虑。毫无疑问改变是必须的,但这些改变必须允许产品的多样性。"他说。

Mark认为这特别适用于精心设计的小型公寓,并对投资者来说是可取的。允许此产品进入市场将会令租金增长和支持产品的可承受性。

他表示:"目前,随着投资者退出市场,租赁物业的供应正在下降,租金上涨,租赁者难以为自己的家庭储蓄。"

由于投资者不再有选择权, 开发商现在关注不同的机会。许多公司正在把重点放在自住业主(主要是downsizers)的大型高档公寓项目上。首次置业人士和downsizers的别墅项目继续显示其潜力,而房屋土地打包购买(house and land packages)则持有自己的房子。

目前行业正在经历地价上涨的压力,因为开发商正在稳定建筑成本及强大的买家需求。Mark宣称这使得了解所有关键的市场驱动因素并控制风险比以往更加重要。

"虽然downsizers的需求正在增加,但是实现销售仍然需要时间,而买家可以选择。因此,开发商真正的风险是在他们的销售完成及建筑成本最终确定下来后,开发商可能会发现他们所购买的土地太贵,从而无法实现银行融资。"

与过去五年不同,Mark认为开发商将不再能够被一个崛起的市场所挽救。他们只有一个机会挽救问题,但如果他们选择错误的方向,比如支付太多或卖得太便宜,他们会损失惨重。因此,在未来几个月,我们可能会看到开发者违约的事件增加。

他说:"我们正在进入一个更复杂的市场。聪明、灵活和兑现的开发者将继续从市场中寻找和获得利益,而其他人将成为受害者。"

在同意日益增长的人口所带来的挑战和机会的同时,他警告不要有太多的假设。

他说:"越来越多的人并不一定是指他们会突然在一个65平方米的两居室公寓里开始养家糊口。"

"需求是在针对公寓的大小和风格的真正多样化。市场需要更大的房子,却是没有准备或能够在更广阔的市场背景下支付更大的房子。但我们知道房地产价格的上涨会使人们重新回到城市生活。拥有产品组合的开发商将处于有利位置。"

2017年7月的官方数据显示,在过去15个月中,维多利亚州新建公寓、联排别墅和半独立式住宅的审批量(占全国总数的28%)每年都在下降。

如果维多利亚州的公寓增长减慢的预测(即没有过度供应)是正确的,那房价严重下滑的风险就会小得多,而住宅建设的低迷将低于预期。

其实也有正面的一面。譬如很有可能出现多单元房屋建设的低迷情况,但如果BIS是正确的话,那就不会像预测般那么严重。立法者面临的挑战仍然是纠正这种平衡,并将投资者带回市场。至于开发商,目前的任务是克服目前的限制、管理风险并为墨尔本不断增加的人口供应合适的公寓。

Mark feels this particularly applies to the well-designed smaller apartments, desirable to investors. Allowing this product to enter the market will support rental growth and affordability.

“Right now, with investors out of the market, the availability of rental properties is drying up, pushing rentals higher and making it harder for renters to save for their own home,” he cautioned.

With investors no longer an option, developers are now focused on different opportunities. Many are concentrating on larger scale upmarket apartment projects aimed towards owner occupiers, mainly downsizers. Townhouse projects for first home buyers and downsizers continue to show potential and house and land packages are holding their own.

Right now the industry is experiencing upward pressure on land prices as developers are banking on stable construction costs and strong buyer demand. Mark

declared this makes understanding all the key market drivers and controlling risk more vital than ever.

“While the demand shown by downsizers is increasing, achieving sales still takes time and buyers have choice. So, there is a real risk developers may find the land they are purchasing becomes too expensive to achieve bank funding after sales have been achieved and construction costs become finalised, he said.”

Unlike the last 5 years, Mark believes developers will no longer be saved by a rising market. They will have one chance to get it right and if they choose the wrong site, pay too much or sell too cheaply, real losses are likely to follow. Therefore, we are likely to see an increase in developer defaults in the upcoming months.

“We are entering a much more sophisticated market. Smart, nimble and cashed up developers will continue to find and extract value from the market while others will become victims of it, he said.”

While agreeing with the challenges and opportunities presented by a growing population he cautioned against too many assumptions.

“More and more people doesn’t necessarily mean they will suddenly start raising families in a 65sq metre, two bedroom apartment,” he said.

“The demand is for a genuine variety in the size and style of apartments. This market wants larger apartments but is not yet prepared or able to pay for them in a broader market context. However, we know at some point the increase in prices for house and land lots will push people back into city living. The developers who get the product mix right will be in a good position.”

Official figures for July 2017 showed approvals of new apartments, townhouses and semi-detached dwellings in Victoria – which accounted for 28 per cent of the national total – have fallen on a yearly basis for the past 15 months.

If the lower Victorian apartment growth forecast i.e. no oversupply, is correct, there will be far less risk of a severe downturn in housing prices and the downturn in residential construction will be shallower than forecasted.

So there are positives. There is still likely to be a multi-unit housing construction downturn but if BIS is correct, it won’t be as severe as forecast. The challenge remains for legislators to correct the balance and bring investors back into the market. For developers, the ongoing task is to overcome current restrictions, manage risk and deliver the right apartment supply for Melbourne’s ever increasing population.



1060, Carnegie
Our publicly listed Malaysian Client needed peace of mind that their project would be in safe 'local' hands and delivered on time and budget and to an extremely high quality.