

Urban Ideas



A PUBLIC INTEREST MAGAZINE FROM THE URBAN TASKFORCE AUSTRALIA

March 2015

SYDNEY APARTMENTS— DENSITY AND PRICE

Research to relate
apartment density
with sale price

Urban Taskforce
AUSTRALIA

Research demonstrates that the most dense areas for apartments have the highest sales prices

The Urban Taskforce asked PhD candidate Michael (Man Kin) Lam to undertake research into the relationship between the density of various apartment precincts in Sydney and the recent sales prices of individual apartments. Michael utilised the recently released Australian Bureau of Statistics (ABS) square kilometre grid across Australia to determine which areas of metropolitan Sydney had the greatest densities. The ABS material indicates that Sydney has far more square kilometres of high density housing than any other Australian city.

THE ABS SQUARE KILOMETRE DENSITY GRID

In December 2014 the ABS launched their square kilometre density grid across the whole of Australia measuring the highest density as being over 8,000 people per square kilometre. The next level was between 5,000 and 8,000 people per square kilometre. The density was calculated from the 2011 census where the number of people per dwelling was measured.

At the highest level (over 8,000) Sydney had 21 square kilometres, Melbourne had 1 and no other city in Australia had any. So clearly Sydney is leading the country in density as apartment living becomes more popular. By comparison the city of London has 327 square kilometres over the 8,000 density level.

APARTMENT SALE PRICE

Michael (Man Kin) Lam utilised the RP Data information on recent sales to find sales over the last few years within various square kilometre grids. As the RP Data also includes apartment size, Michael was able to measure the average sales price per square metre of projects within various grids. The street grid within each square kilometre enabled Michael to focus in on actual addresses within particular grids. Some grids were eliminated as they had Sydney Harbour filling much of the square.

RESEARCH RESULTS DEMONSTRATE LINK BETWEEN DENSITY AND UNIT PRICE

A clear trend has emerged from this research that apartments in higher density areas have significantly higher square metre sales prices than apartments in lower density areas. Typically the apartments in the square kilometres with the highest density sell at higher prices.

IMPLICATIONS OF RESEARCH RESULTS

With Sydney going through an apartment boom there has been some concern from local community groups who believe the influx of apartments will lower the value of their own assets. A tension has risen between detached house dwellers and apartment dwellers with the belief that high rise apartments are lowering values.

Our research clearly demonstrates that apartment values per square metre go up with greater density. An apartment in high rise Chatswood will be \$2,000 a square metre more valuable than a mid-rise apartment in Lindfield. The details of these differences are outlined in this publication in more detail.

MORE DETAILS

Those interested in more detail on the research project can contact the Urban Taskforce by ringing 02 9238 3955 or emailing admin@urbantaskforce.com.au



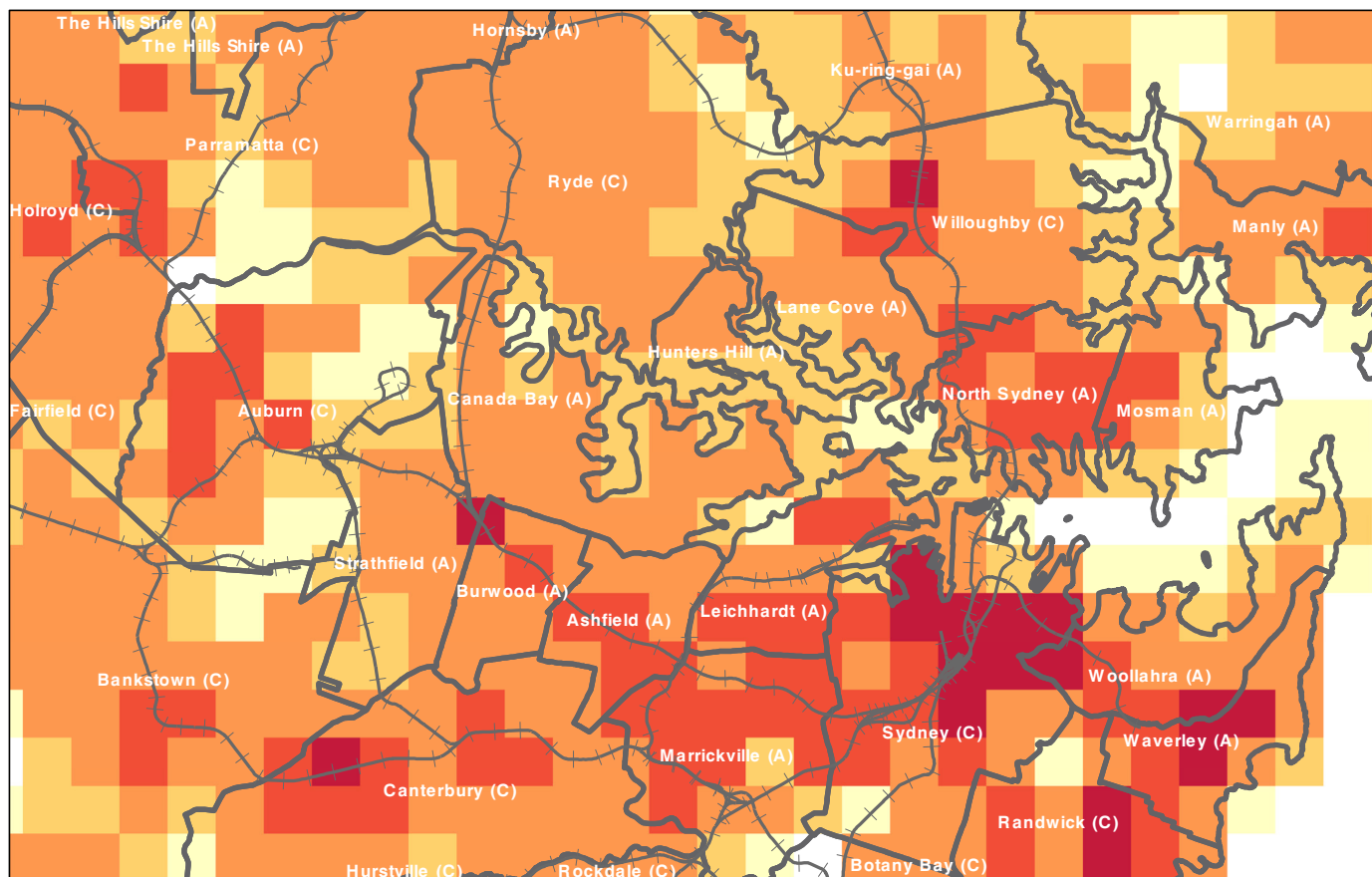
The Urban Taskforce is keen to have responses to the proposals illustrated in this issue of URBAN IDEAS and we welcome comments to admin@urbantaskforce.com.au

Chris Johnson AM
Chief Executive Officer
Urban Taskforce Australia

“Our research clearly demonstrates that apartment values per square metre go up with greater density.”

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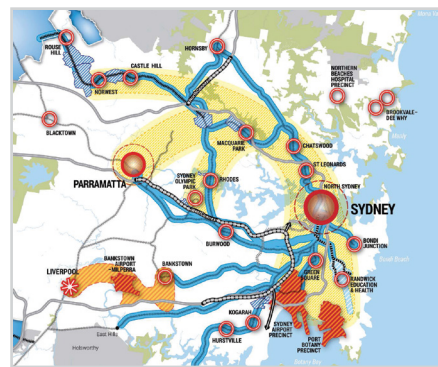
Sydney's density follows the railway line



Map of Sydney showing how density is connected to railway lines – Sydney has 21 sq km over 8000 people per sq km (dark red)



London has 327 sq km over 8000 people per sq km. Image by peresanz (shutterstock.com)



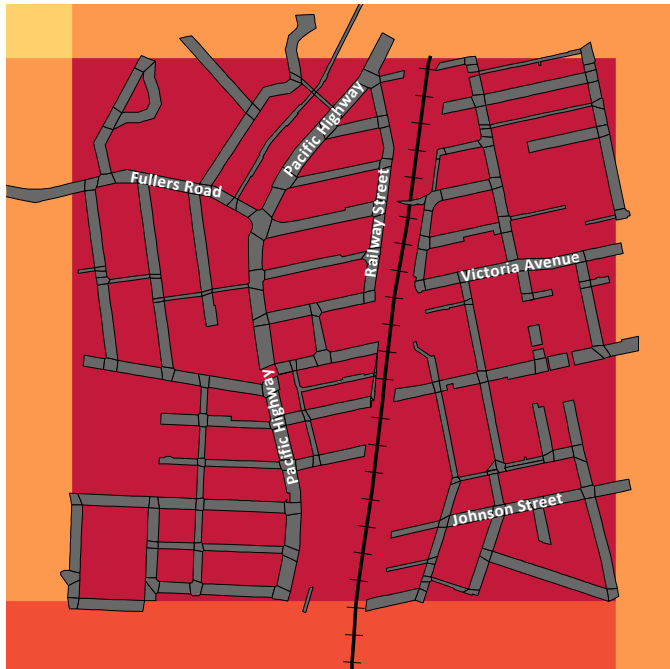
Sydney growth to follow railway lines

With 21 square kilometres above a density of 8,000 people per square kilometre it is interesting to see just where these density hot spots are located. Most of course are close to the Sydney CBD with the Pyrmont peninsula, Potts Point and Surry Hills rating highly. Outside this area it is the major railway stations that attract density including Chatswood, Strathfield, Canterbury, Bankstown, Burwood and Parramatta showing strong densities.

The current figures are from 2011 so the boom in apartments in Parramatta and other inner city areas will no doubt turn the map into even more red squares. Inner city eastern suburbs like Waverley and Randwick also demonstrate high densities. Even the Sydney CBD is comparatively low with most of the high rise buildings being for commercial uses. With a boom underway in Sydney for apartment buildings it will be interesting to see just where the next generation of

density hot spots will be located. This will partly be influenced by planning policy and partly by the attitudes of local councils to new development. It is encouraging to see that the 2014 Metropolitan Strategy for Sydney, A Plan for Growing Sydney, has quite clear priority growth areas that follow along the railway lines. These are clearly shown with the blue growth corridors in the plan illustrated above.

Chatswood apartments are more valuable than those in Lindfield



CHATSWOOD

AVERAGE
APARTMENT
SALES /m²

\$8,997



We have measured sales within a square kilometre of Chatswood Town Centre which has a density of over 8,000 people per sq km and found that the average of the last 15 apartment sales is \$8,997 per sqm. This reflects the strong market in Chatswood town centre which has many high rise apartments close to amenities including theatres, cinemas, shopping centres and restaurants.



LINDFIELD

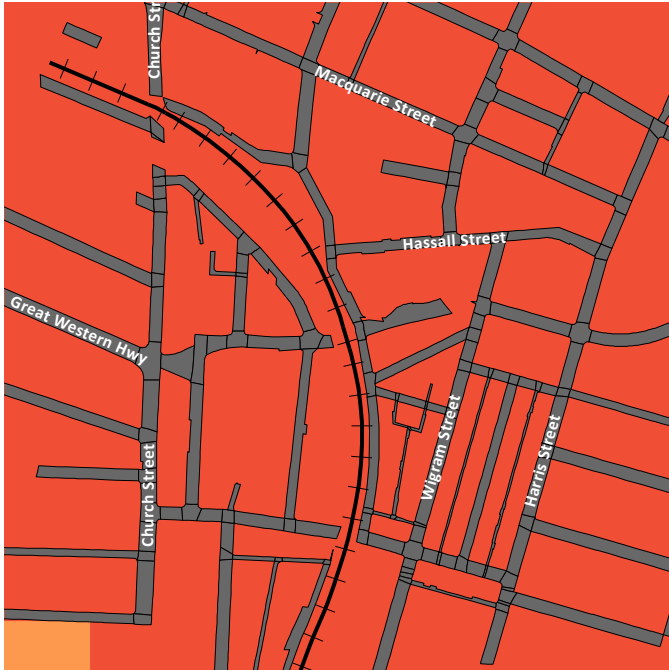
AVERAGE
APARTMENT
SALES /m²

\$6,415



A few stations north of Chatswood is Lindfield which has much less height and less density. The ABS square kilometre indicates a density of between 2,000 and 5,000. While apartments are bigger in Lindfield their average sales is \$6,415 per sqm. This is considerably lower than the rate at the much denser Chatswood.

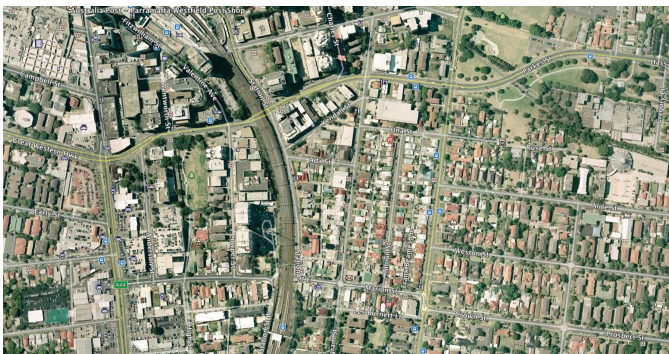
Parramatta apartments are more valuable than those in Westmead



PARRAMATTA

AVERAGE
APARTMENT
SALES /m²

\$5,938



Parramatta town centre has a density of 5 to 8,000 people per sq km while nearby Westmead has a lower density of 2 to 5,000 people per sq km. The recent sales of apartments in Parramatta indicate an average sale of \$5,938 per sqm while those of the less dense Westmead are \$4,789 per sqm. The higher value for Parramatta apartments relates to the greater density in the city centre and the amenities that come with



WESTMEAD

AVERAGE
APARTMENT
SALES /m²

\$4,789



this. Parramatta station is a major transport interchange, there are many cultural facilities. Westmead also has good job potentials with the major teaching hospital and the Children's Hospital within walking distance. Densities are lower because apartment buildings are not high rise as is the case in Parramatta. Westmead also has good access to Parramatta Park but the Parramatta CBD also has this.

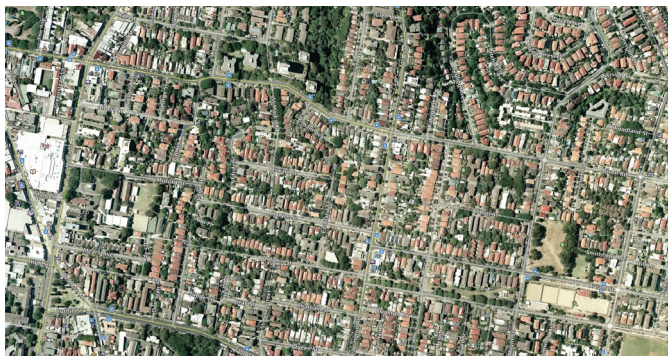
Randwick apartments in dense areas outperform Zetland apartments



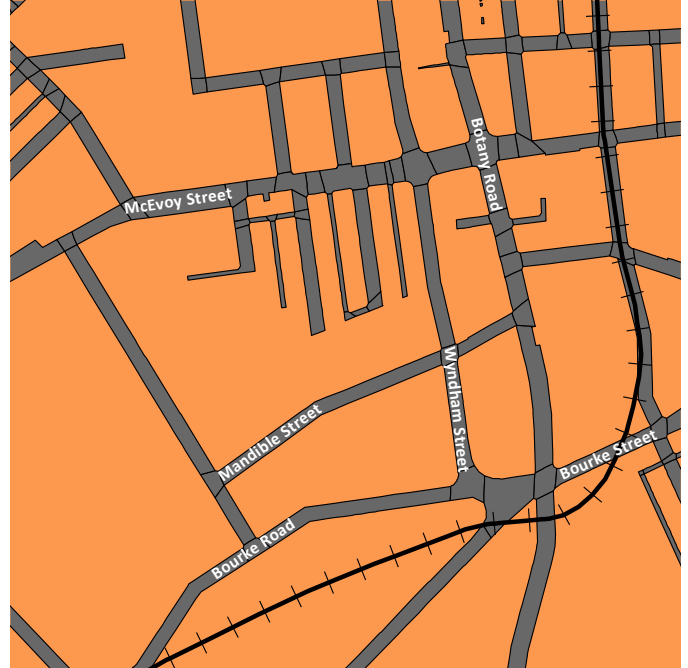
RANDWICK

AVERAGE
APARTMENT
SALES /m²

\$9,321



Randwick has a number of areas that have high densities over 8,000 people per sq km. We have selected one of these and measured over 15 recent sales of apartments. The average apartment sale price is \$9,321 per sqm while the average sale price of the nearby Zetland is \$6,651 per sqm. The square kilometre we are looking at in Zetland has a lower density than



ZETLAND

AVERAGE
APARTMENT
SALES /m²

\$6,651



Randwick with 2 to 5,000 people per sq km. The Randwick density is driven by the transport corridor along Anzac Parade and the closeness of the University of NSW and of the Prince of Wales Hospital and the Childrens Hospital. The lower density area of Zetland includes medium rise apartments and does not incorporate the Victoria Park development.

Potts Point high rise has higher sales value than Edgecliff



POTTS POINT

AVERAGE
APARTMENT
SALES /m²

\$11,173



EDGECLIFF

AVERAGE
APARTMENT
SALES /m²

\$8,326



Potts Point is well known as the first residential high rise precinct in Australia. In its early days Potts Point and Kings Cross were seen as exceptional precincts for an alternative lifestyle. The example of cosmopolitan living epitomised by Potts Point has now spread across metropolitan Sydney. Potts Point is still holding its own with recent apartment sales giving an average sale of \$11,173 coming from a density over 8,000 people per sq km. Nearby Edgecliff with a lower density of 5 to 8,000 people per sq km has

an average apartment sale of \$8,326 per sqm. While this is a high figure it does not match the unique value of apartments in Potts Point. Potts Point has a bustling life style with many restaurants, cafes, bars and night clubs. Offsetting this very urban character is the closeness of Sydney Harbour and of the Sydney CBD. There is a rail station nearby as there is at Edgecliff. The lower density of Edgecliff means there are less restaurants and bars but still a good cosmopolitan mix is available.

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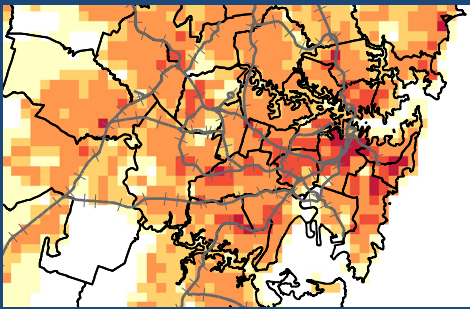
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DENSITY & PRICE

This edition of Urban Ideas uses research by PhD candidate Man Kin Lam to see if apartments are more valuable in areas of greater density. The research confirms that urban areas of higher density have sales prices for apartments that are higher on a per metre basis than areas of lower density. The research uses the ABS density grid and RP Data recent sales information.

Research
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