

Investor hot spot

New urban development has the edge in property market, writes Chris Herden



Kelvin Grove Urban Village is setting a benchmark for urban development. The 16-hectare master-planned community, located two kilometres from the CBD, is a hub for creative minds and businesses, shops, parks and residential living. A place where the streets are also the open spaces of its educational facilities. QUT's Creative Industries Precinct is incorporated into the village, the nation's first site dedicated to experimentation and commercial expansion in the creative industries.

According to real estate research by PRD National, the recent performance of Kelvin Grove's residential unit market is testament to the desirability of the suburb. The median price recorded in the six months to February 2012 was \$485,000 and represents a healthy 15.5 per cent increase on the corresponding period in 2011.

"The delivery of high quality residential units in a progressively growing mixed-use community remains the chief reason why Kelvin Grove has performed extremely well

since late 2011, whilst other Brisbane suburbs remain stagnant," says PRD National's Rob Matta. "Strong rental growth (8.5 per cent average annual growth for the three years to March 2012 for two bedroom units and 5.8 per cent for one bedroom units) demonstrates both the growing demand for accommodation within the suburb and the impressive investment yields for investors," he says.

More than 1000 residential units are to be constructed across the Kelvin Grove Urban Village in what will be a best practice model of urban development and will provide homes for a diverse mix of people. Pradella's Urban Edge, a two-stage project positioned near the Victoria Park Golf Course, will deliver more than 370 apartments to the Village. Since the May 2011 launch of the first stage (the six-level Vista with 33 units and 12-level Horizons with 133 units) buyers have been quick to snap up \$54million worth of sales off the plan.

"Vista is nearing 80 per cent sold which

is a good outcome and we're still very much on target for delivering that building in early November and the second building, Horizons, by April next year," says Pradella development manager Brett Lentz. "People are seeing the property value in this key location. There is a bit of an undersupply in the north-western fringe of the city so that's been the reason why people see a good prospect to invest in Kelvin Grove."

With a starting price of \$349,000 for a one bedroom and around \$500,000 for a two bedroom unit, Lentz says NSW buyers, who have seen the good value in acquiring an apartment so close to the city, account for about 25 per cent of Urban Edge sales.

"There's also interest from Western Australia and regional Queensland and we're finding the buyer spread (for one or two-bedroom units) is 50-50. I think confidence is out there that the project is well underway. People are coming in to look at what may serve as an investment unit but may also meet their family needs in

the future - such as their kids going to the university there or wanting to be near the QUT."

The Kelvin Grove Urban Village's triple bottom line of physical, social and economic sustainability is an investor drawcard. "The previous state government put a lot of initial money into ensuring the Kelvin Grove Village was complete and so you know what you are going to get," Lentz says. "The savvy buyers are seeing a better spread for future renters as well as the capital growth potential."

The Kelvin Grove Urban Village residential developments have gone some way, at least, to boost the supply of inner Brisbane apartments. But with Kelvin Grove still experiencing below average vacancy rates, buyers have been quick to absorb any new stock in the market.

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