



# Oversize Melbourne apartments pitched at downsizing couples

**Michael Bleby**

For Nicholas Smedley, size and quantity matter. His Prahran-based developer, Steller, focuses on over-sized apartments for downsizing couples and he can't get enough of them.

Steller, which Mr Smedley – the son of former Spotless and Arrium chairman Peter Smedley – founded in 2006, is trying to tap the needs of an underserved market of retiring baby boomers who want to sell the family home but don't want to settle for a pricey shoebox or a home out in the sticks.

The company's target market is the owner-occupier couple with enough equity in their own homes who want to buy a three-bedroom apartment in their existing suburb and pocket a "couple of hundred thousand", managing director Nicholas Smedley says. He is going about it in a range of suburbs such as St Kilda East, Bentleigh and Moorabbin.

Demand is strong. The company's \$200 million pipeline of apartments has more than doubled from \$200 million 12 months ago to \$525 million. "I can't have enough of the larger-style apartment that is servicing people with a \$1.2 million to \$1.3 million house in a suburb like Carnegie," Mr Smedley says.



**Big is in: Steller's Nicholas Smedley.**

One current project, a 42-apartment development in Carnegie, offers three-bedroom apartments starting at \$699,000 and two-bedroom units starting at \$499,000. The project, which begins construction this month, is due for completion in a year's time and is half sold.

For all the excitement about the impending generation of retiring baby boomers and their supposed free-spending ways, for many of the people in this group the only savings they have are locked away in their house and without a suitable

dwelling to downsize into, they are unable to access that wealth.

The demand for affordable retirement-aged housing stock has driven the fortunes of community-style developments, such as those offered by ASX-listed Ingenia Communities Group and Lifestyle Communities, but Steller is focusing on larger, boutique-style developments in established areas.

The company can do it, Mr Smedley says, by doing all the work in-house, from designing, building, developing and selling. This cuts out all the commissions that would otherwise be inserted into a chain of third-party service providers, permitting sales at a per-square-metre price typically 5 per cent below market rates, he says.

While competition for land is increasingly coming from deep-pocketed overseas developers, the biggest hurdle is the new suburban zoning regime which, since July 1, has defined growth zones in most of Melbourne's municipal regions, Mr Smedley says.

The new rules are still being bedded down and this is making it hard to get approvals out of municipal planning departments.

"It's a transition period," he says. "There's been confusion what are the old rules and what are the current rules."