

## Mixed-use developments

Over the past five years or so we have undertaken several in-depth studies for mixed-use developments within inner-Brisbane. These studies, along with previewing sales/buyer profiles of the likes of Emporium in Fortitude Valley and the Ice Works at Paddington, have found:

- Two-thirds of potential owner-residents (and 75% of investors) said that the mixed-use nature of a development was important to them and would positively influence their decision to purchase. Just over half (and for both buyer types) stated they would be prepared to pay a premium (over a single-use location) to live in a mixed-use precinct. The most common premium range marked on our questionnaires was between 5% and 10%.
- Whilst Emporium initially had strong investor interest (70% of the apartments selling to investors), which is often the case with new mixed-use developments, an analysis of the resales across the project has found a substantial rise in owner-resident interest, with over 50% of the resales to date being purchased by permanent residents.
- Further to this, buyers came from a wider-than-usual audience during the off-the-plan sales campaign for Emporium and also in the case of the Ice Works. We have also found wider investor interest for other mixed-use developments across Australia. Mixed-use projects attract more intrastate, interstate and overseas buyers than the traditional single-use apartment tower/development.
- Finally, apartments within a mixed-use development appear to be held longer than those within a more generic setting. On average, and over the last twelve months, new apartments (which have been resold) were held for 2.9 years. Mixed-use development such as Emporium has enjoyed longer tenure, with the average time between initial purchase and resale being 3.5 years. They, again on average, achieve an annual capital growth premium of nearly 2% over single-use apartment projects.