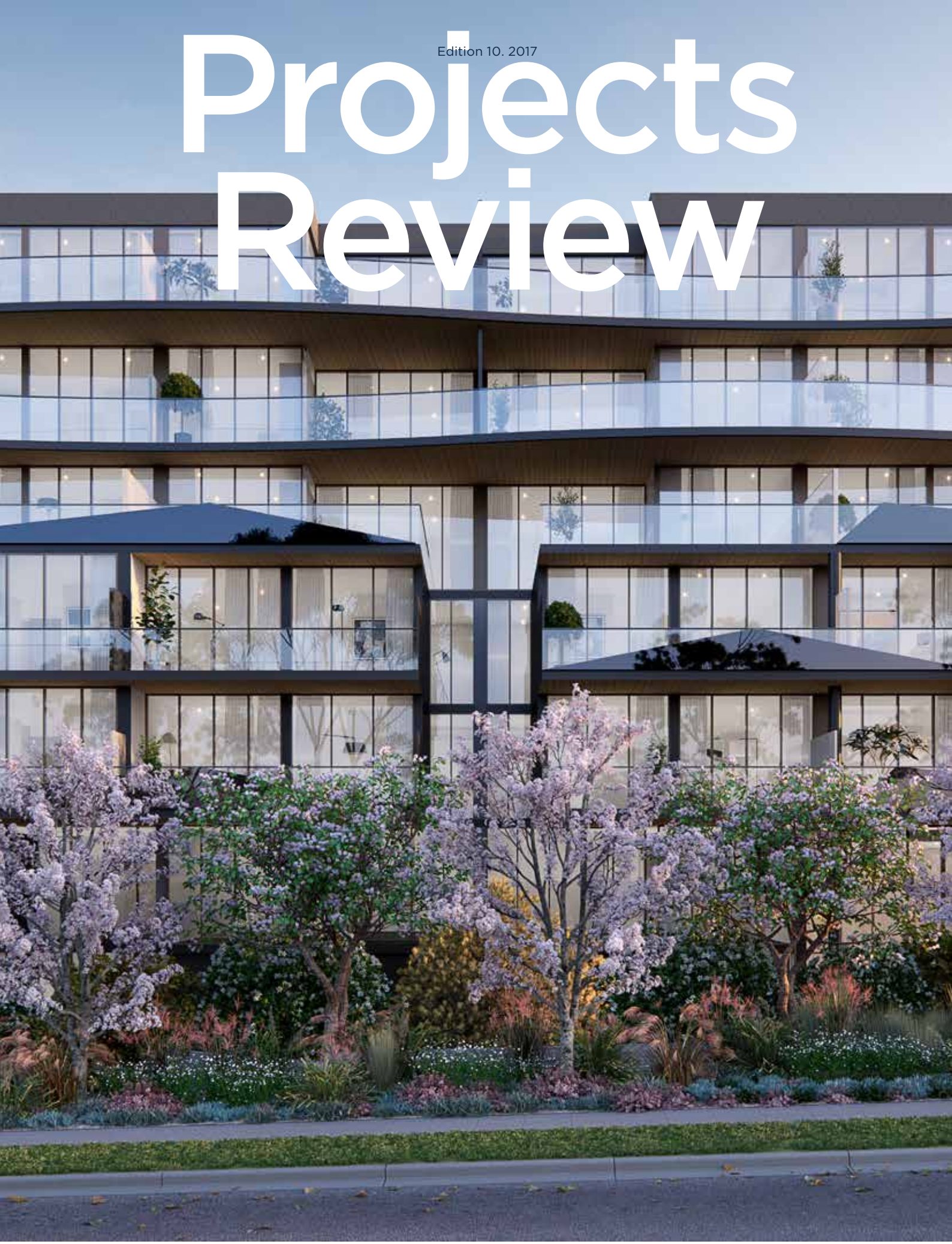
Edition 10. 2017

Projects Review



Contents

Projects

Contributors

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A Word From the Directors

Prior to establishing Marshall White Projects in 2013, we struggled with the notion of creating an entity for off the plan sales that the developing market would see as value add to Marshall White's 'main game' of established residential real estate.

Ultimately we decided (if you'll pardon the expression) that you can't get 'a little bit pregnant' - in that you're either devoting yourself to the art of selling off the plan or you're not.

To the uninitiated, selling off the plan as opposed to transacting residential real estate, is a lot like different dialects; in that some sound the same but are in reality, completely different.

A recent article within *The Australian Financial Review* by Matthew Cranston, titled 'Confidence in Residential and Commercial Property Hits Two – Year High', whilst primarily referring to established property, has a distinct relevance to our target market for the eight developments we are soon to launch within the first quarter of 2017. The same article went on to state 'dwelling values were up 13.7% in Melbourne in 2016 and the industry is adamant that growth will continue'.

Developers will ignore the 'empty nester' or 'downsizer' at their own peril, rising property prices allow this coveted section of the buying market to spend proportionately more on their new town residence, whilst still allowing for their super, travel and family requirements.

During 2016, Marshall White Projects average price for an off the plan sale rose by 13% compared to 2015.

By way of volume, the number of sales we transacted in excess of $1,000,000, increased by a substantial 63% of total turnover.

Simply put, the most successful developer clients we work with this year will court those buyers who can readily access their money and who aren't subject to the restraints of strict government policy regulating funds leaving the country for either residential or commercial property purchases. Appeal to a market that minimises settlement stress (less than 1% of all sales failed to settle with Marshall White Projects in 2016) who have readily available and relatively cheap finance. Encourage buyers who will rarely negotiate, if what's on offer suits their lifestyle choices and represents fair and reasonable market value.

Seek low risk, cost effective sales (less than 10% of what we market is from an on site, dedicated display suite) and restful nights knowing the contracts of sale you've presented to your financier at the time of financial close will complete at settlement.

So the decision in 2013 was simple, leverage the new entity of Marshall White Projects of a well established and trusted brand, that the stallwards of Marshall White had expanded and preserved over the last five decades – A brand all buying groups now readily know, like and trust.

Enjoy the attached articles and information to best expedite your next development.

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Mark Dayman Director
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mark.dayman@marshallwhite.com.au

Spotlight

Michael Ryan

Michael's commitment to Project Marketing is based on a simple philosophy of hard work. With a genuine love and passion for real estate, along with his extensive knowledge of the industry, Michael's key focus is to provide his purchaser customers with a stress free and highly rewarding buying experience.

Previous experience in the field of construction now provides Michael with a greater understanding of the processes around developments. Michaels highly developed communication skills, allow him to relay this invaluable knowledge to customers, greatly assist them when they're considering one of their most important assets.

Michael has been involved in some of Melbourne's most iconic and successful developments. His skill set facilitates his ability to assist buyers into a range of developments from as few as 12 to over 400.

In his down time, Michael enjoys being active, having a hit of golf and getting down to the coast, spending time with his fiancée Naomi, family and friends.

Ranko Cvejticanin

With over twenty years of real estate experience, Ranko has a proven track record of achieving outstanding sales results in the industry. During this time period, Ranko has seen substantial change in the real estate profession but his professional approach to every facet of every transaction hasn't wavered.

Part of the project development team at Marshall White, Ranko's natural positive energy and enthusiasm and ability to relate to people from all walks of life has been invaluable. His genuine integrity and personal service style quickly makes clients feel at ease.

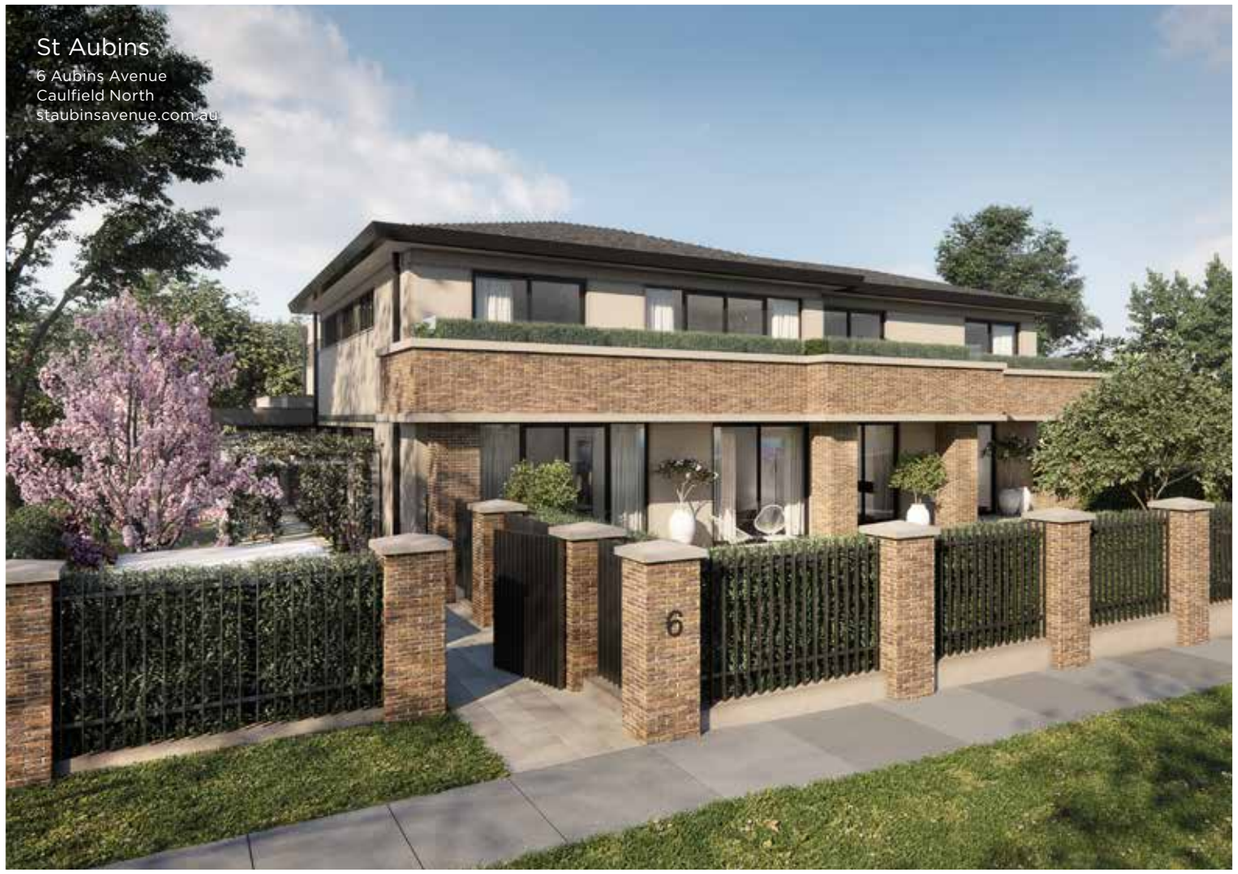
Balance has always been and continues to be crucial to Ranko's consistency throughout his career. Away from the office he spends time with his son and family and he is dedicated to keeping fit and physically active.

Stephen Edwards

An appreciation for the life-changing nature of an off the plan real estate transactions trains Stephen's focus on the human aspects of the real estate industry, ensuring his clients are comfortable throughout each transaction. A huge advocate for excellent communication, Stephen makes every effort to establish a pleasant and enjoyable experience for his clients looking to own their new apartment or town home.

Stephen's twelve-year journey as a business owner has provided him with a rich understanding of the importance of community spirit and hard work. Having bought and sold numerous properties and blocks of land himself over the years as well as renovated and managed his own development projects, Stephen's ability to demonstrate real empathy has become a predominant part of his negotiation style.

Originally from Sydney and having spent a large proportion of his career in Queensland, Stephen works to maintain his ties with family and friends all over Australia as well as following his love of sport and socialising in Melbourne. Husband to Summa and father to two daughters, Stephen has also coached junior rugby for many years.

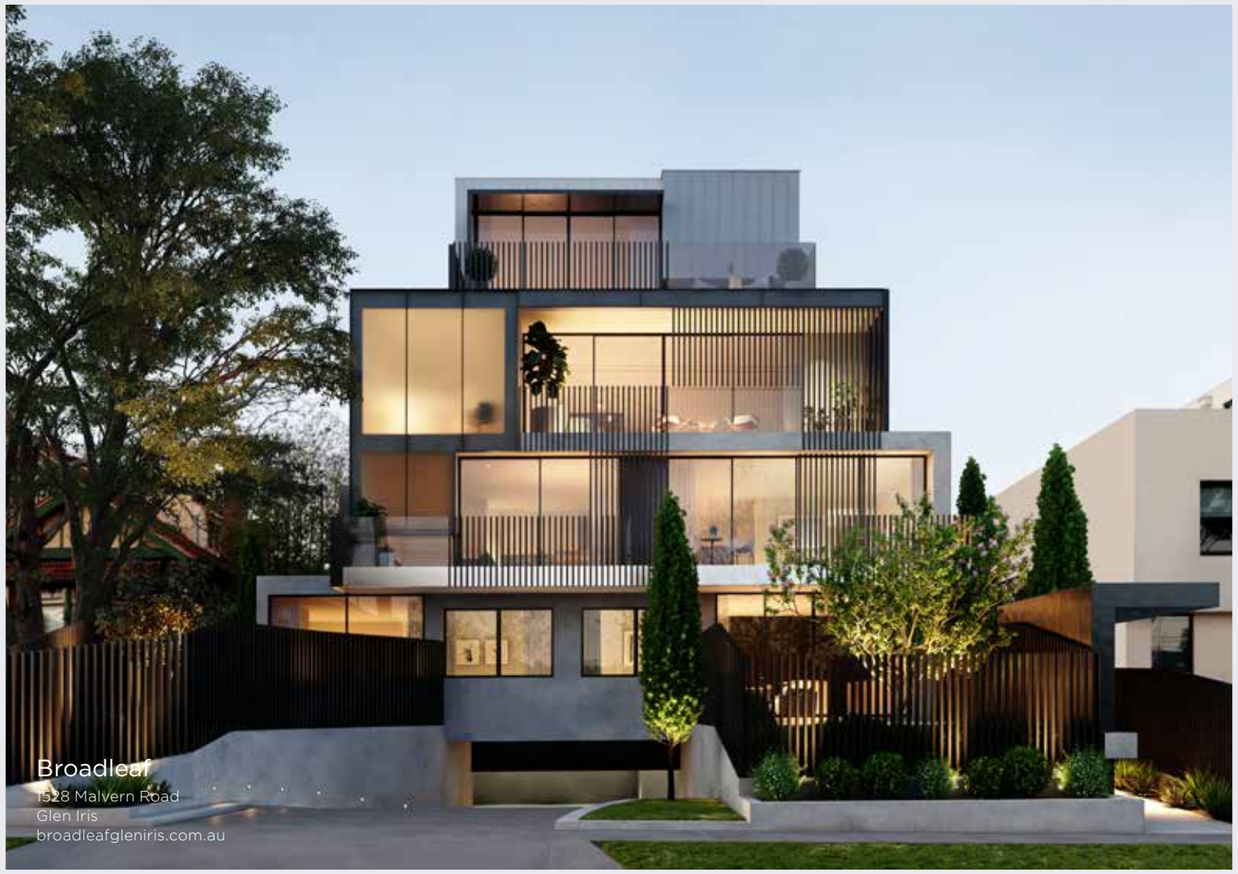


St Aubins
6 Aubins Avenue
Caulfield North
staubinsavenue.com.au

Ashton Park
Chr Finich Street & Burwood Highway
Burwood
ashtonpark.com.au

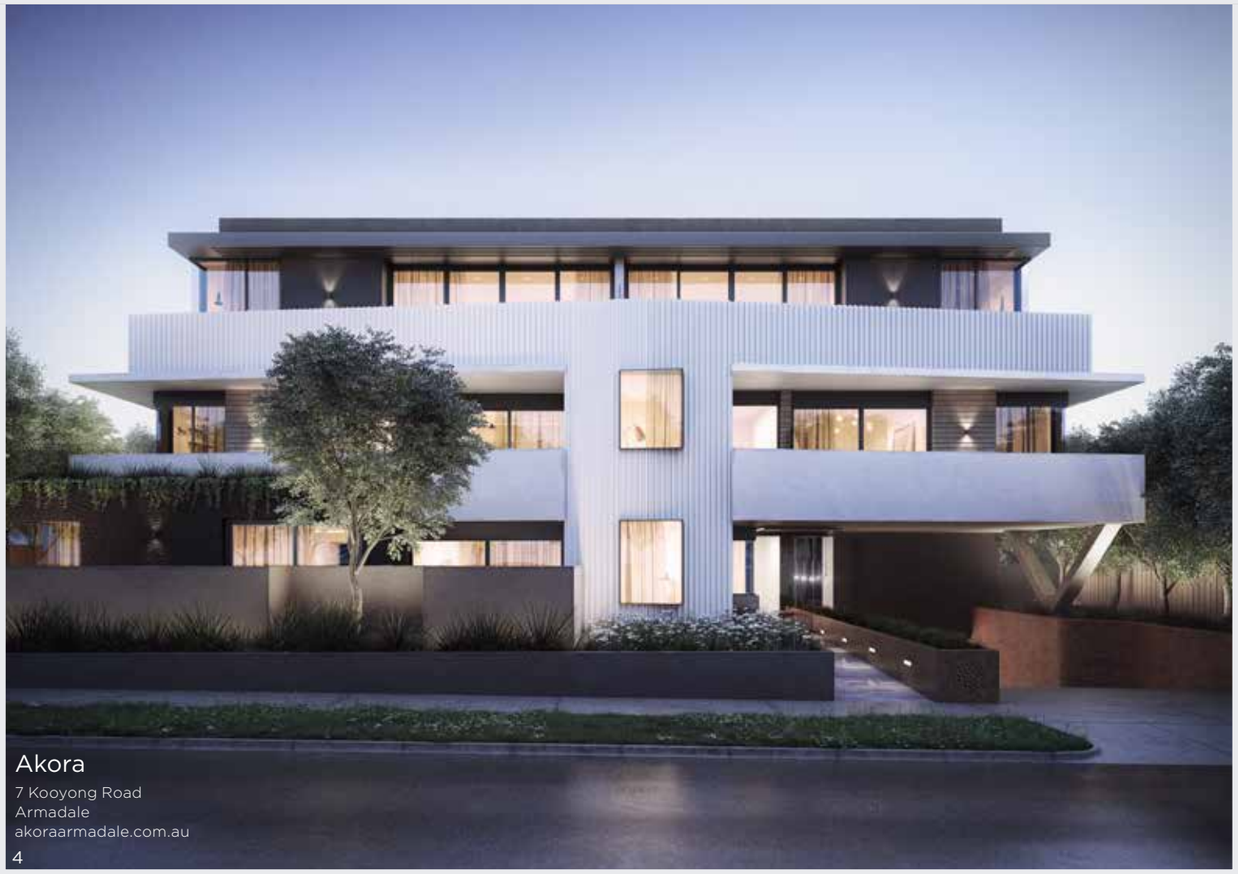
Howard West

3 - 11 Howard Street
West Melbourne
howardwest.com.au



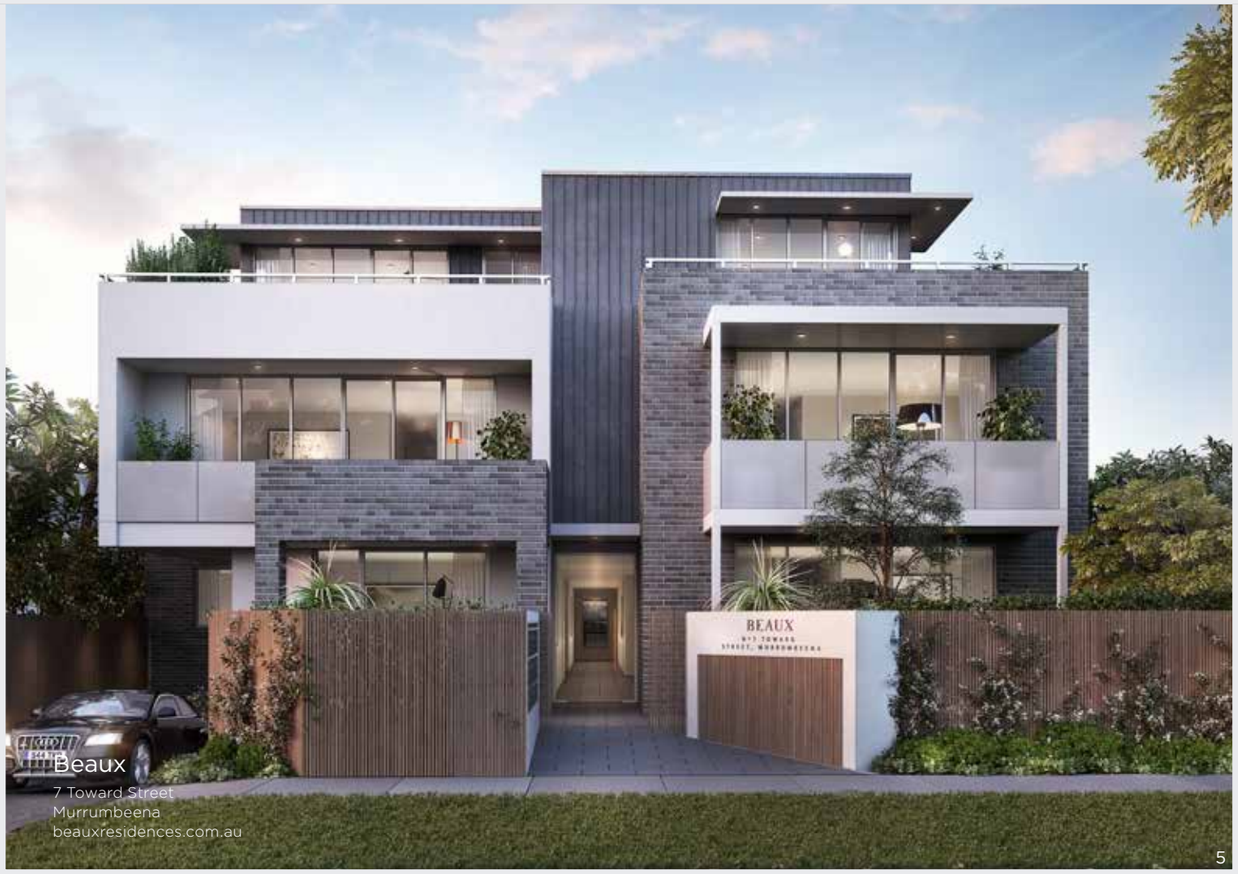
Broadleaf

1528 Malvern Road
Glen Iris
broadleafgleniris.com.au



Akora

7 Kooyong Road
Armadale
akoraarmadale.com.au



Beaux

7 Toward Street
Murrumbeena
beauxresidences.com.au

2017: The Year of the Townhouse

As the saying goes, 'what goes around, comes around'; such is the case of the humble townhouse, which, in the latter half of 2016 experienced a resurgence as the dwelling of choice for off the plan purchasers disillusioned by the oversupplied CBD apartment market and for developers looking to mitigate risk.

According to research think tank and residential marketing agent, RPM, demand for medium density dwellings (including townhouses) has surged over the last four years, culminating in a near record of 33,183 new semi-detached, row or terrace house approvals nationally during the twelve months to October 2016.

This represents solid growth (of almost 7%) for townhome project approvals during the previous corresponding twelve month period, and a substantial 92% increase on the previous low of 17,287 new semi-detached, row or terrace house approvals in the twelve months to July 2012.

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"The market has changed," says Marshall White Projects Director, Leonard Teplin, who isn't alone in predicting 2017 will see developers and buyers alike turn away from apartment product in favour of the townhouse.

"As supply outpaces demand and the reality of last year's foreign investment tax, planning legislation and under valuations set in – developers will increasingly withdraw from the multi-residential market and refocus their attention on an owner-occupier product."

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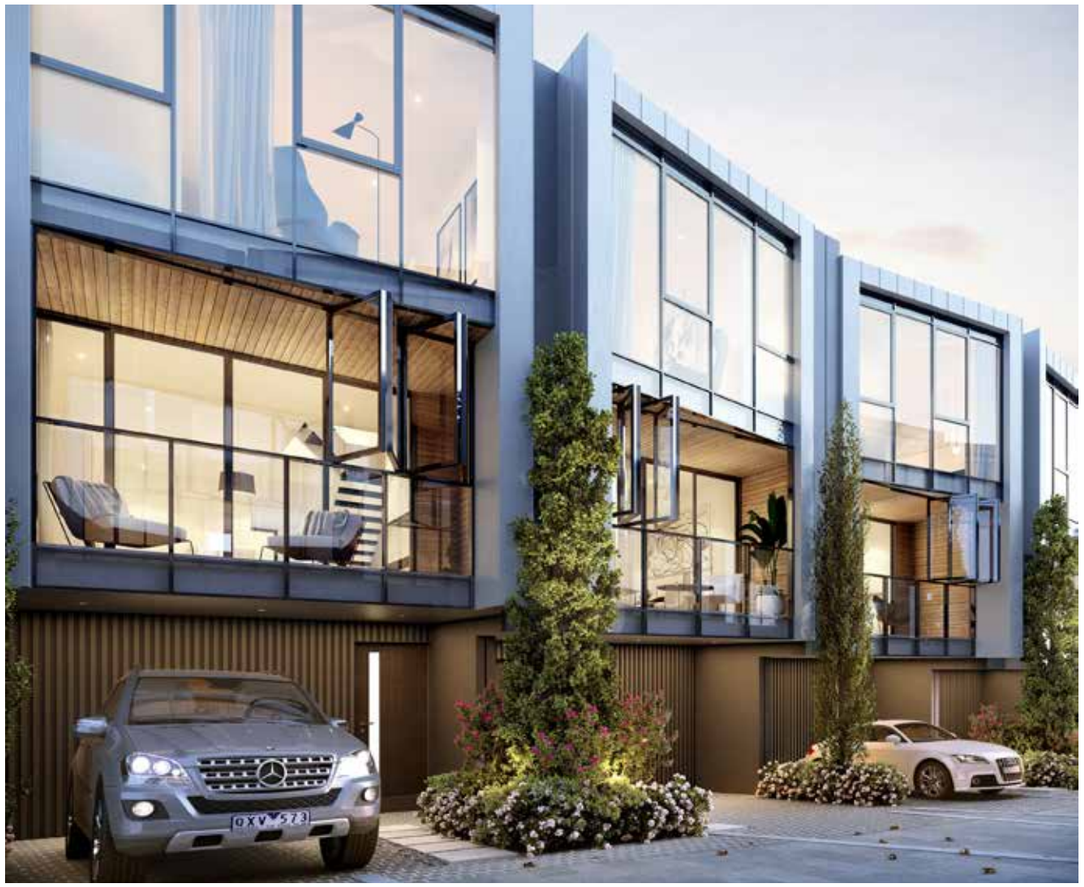


"Some will pursue the top end of the apartment market – and the wealthy downsizer and retirees that come with it – by developing highly curated, premium offerings of 200sqm or more."

Such is the case with Goldfields' 525 High development and Urban DC's 308 Carlisle St project, where apartments are being sold for up to $3.4 million.

The majority of developers, however, are instead turning their attention toward multiple townhouses and semi-detached dwellings.

"Whilst the revenue from townhouses is less, the cost and time associated with developing them is also less, meaning financing is easier to come by."

"Townhouses will also spend significantly less time on market, with the average project sold out within two to three months, whilst apartment projects typically take longer to reach financial close."

For instance, The Ballantyne, a 22 townhouse development in Melbourne's Glen Iris, was sold out by Marshall White Projects in just 10 weeks. Selling for an average of $1.3 million, the tri-level, three/four bedroom homes outsold all apartment projects within a 2km radius.

At a more affordable average price , The Highbury , a 49 Townhouse development in West Footscray, saw a sale a day of Three / Four bedroom attached Townhomes, at an average price of $ 632,500

According to Teplin, there is also a perceivable shift in buyer sentiment that is influencing the current market climate.

"Inundated with news of apartment oversupplies, bubbles and the like, buyers are also favouring townhouses and smaller, boutique developments of 40 apartments or less."

"In 2017 we can expect buyers will still be motivated primarily by location and will continue to seek out properties within Melbourne's "wealth belt" such as Bayside, Stonnington and Bayside, however, this year they'll be less willing to compromise on inferior layouts, areas and services."

Settlement risk relating to off-the-plan contracts - Don't get caught out

Whether we're talking about suburban multi-unit townhouse developments, inner urban apartment developments or high rise towers, off-the-plan sales are critical to any property development project.

They allow developers to secure a contractual right to future revenue and are integral to securing development funding. A typical senior debt funding arrangement with a major bank will often require 100% or more debt coverage from the net realisable value of the presales.

Off-the-plan sale contracts, however, are particularly vulnerable to settlement risk for two key reasons:

(a) The first one is the length of the contract term. The time period between signing the contract and settlement is usually very long due to protracted planning and construction lead times, sometimes in excess of several years. During this period, the purchaser's circumstances may change which can lead to issues at settlement. Purchasers are also more susceptible, because of the time gap, to adverse changes in market conditions, government policy and lending practices; and

(b) Secondly, there are currently very strict statutory safeguards that apply in relation to off-the-plan contracts. These are designed to protect purchasers from the perceived risks associated with buying off-the-plan. They include giving purchasers a right to terminate the off-the-plan contract prior to settlement and to receive a full refund of their deposit if the contract or the vendor's conduct is not in line with the relevant legislation, which is principally the Sale of Land Act.

So how can developers reduce the settlement risk with off-the-plan contracts? Some key tips are set out below.

The contract of sale is crucial

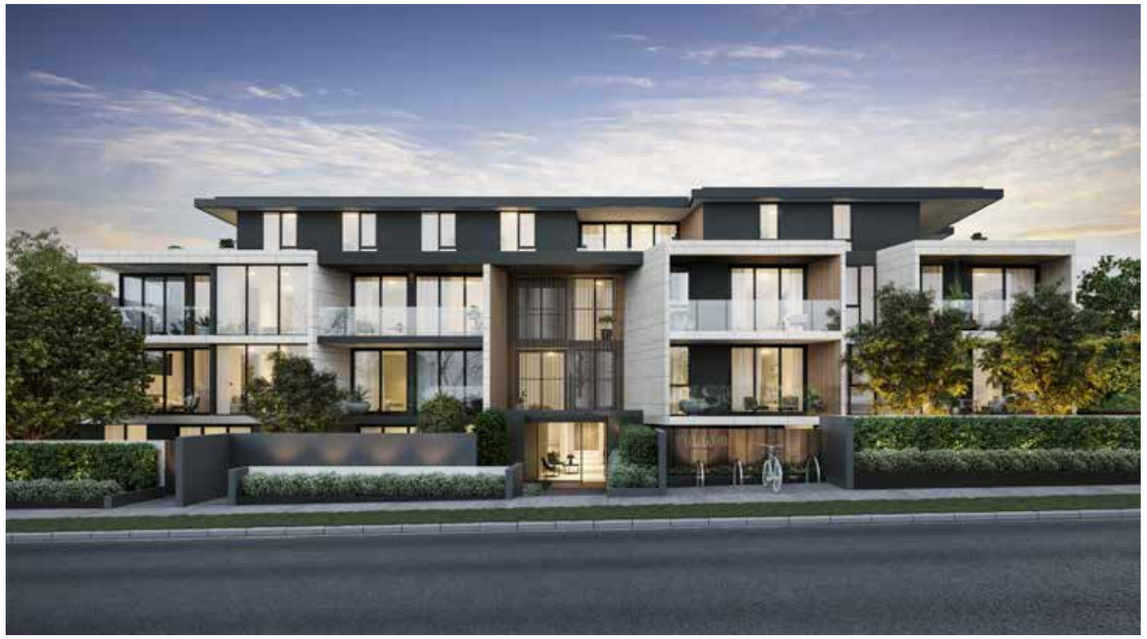
Although it might seem obvious, accurate and compliant sale documentation is of paramount importance when planning to mitigate settlement risk. A contract of sale should incorporate special conditions designed to give developers broad rights and limit (to the extent lawfully possible) a purchaser's right to terminate the contract, delay settlement or seek compensation. Sale documentation should not be adopted "off-the-rack". Tailoring sale documentation to the specifics of a project is critical in allowing the developer to carry out the project in any way necessary and manage unforeseen outcomes, whilst minimising the risk of a purchaser becoming entitled to terminate the contract.

Make sure pre-sales are bankable

Lenders are just as concerned with the settlement risks associated with off-the-plan contracts as developers, and will almost always have the pre-sale contracts vetted and qualified by the bank's panel solicitor prior to any drawdown of funds. Lenders have their own commercial criteria for determining whether sales contracts will be counted as "qualifying", and it is important that you and your sales team understand what these are and that the contract and the agreed sale terms comply with that criteria. This is to ensure presales are not excluded by lenders, and the work done and commission payable in achieving those sales is not wasted.

Avoid or limit variations to the plan of subdivision

A developer's ability to vary the plan of subdivision contained in an off-the-plan contract is heavily restricted under the Sale of Land Act. This is to ensure that the vendor delivers a final product at settlement that is not materially different to that represented at the time the contract is entered into. The reference point for determining this is the version of the plan of subdivision contained in the contract. If an amendment to the plan of subdivision materially affects a purchaser's lot, the purchaser may be entitled to terminate the contract any time prior to settlement, even if that variation arguably benefits a lot. As a result, variations after the contract is signed should be avoided or minimised to the greatest extent possible. The compulsory written notification to purchasers of any necessary changes should be carefully managed.



Avoid apartment size misrepresentation claims

If the area of the apartment being sold once constructed is substantially less than what is represented in the planning drawings included in the contract or marketing materials provide to the purchaser prior to the day of sale, a purchaser may be entitled to terminate the contract or be unable to obtain settlement funding. This often occurs because the architects who draw the town planning drawings almost invariably adopt a different method for defining the area of the apartment, and the location of its boundaries, than the surveyors who prepare the plans of subdivision, which describes the lot sold.

Plans of subdivision for higher density residential apartments are drafted so that the title boundary between a particular apartment and the surrounding common property (or neighbouring lot) will lie at the interior face of the boundary walls. This choice is usually made because of the apparent desirability in having the owners corporation owning, and being responsible for, the structural walls of the building.

The position is different with most architectural plans. Architects will, in the vast majority of cases, measure the size of an apartment by using the guidelines adopted by the Property Council of Australia ('PCA'), which treat the boundary as being the external face or midpoint of the boundary walls, not the interior face.

In most cases, the Purchaser will be advised (during the marketing campaign) of the size of their apartment based on the PCA guidelines. However, when they come to settlement and they have the apartment size measured, it will be smaller than anticipated. This in turn may impact on the amount that a mortgagee is prepared to lend to a purchaser based on maximum LVRs and the purchaser's ability to settle. It may also give a purchaser a right to terminate a contract.

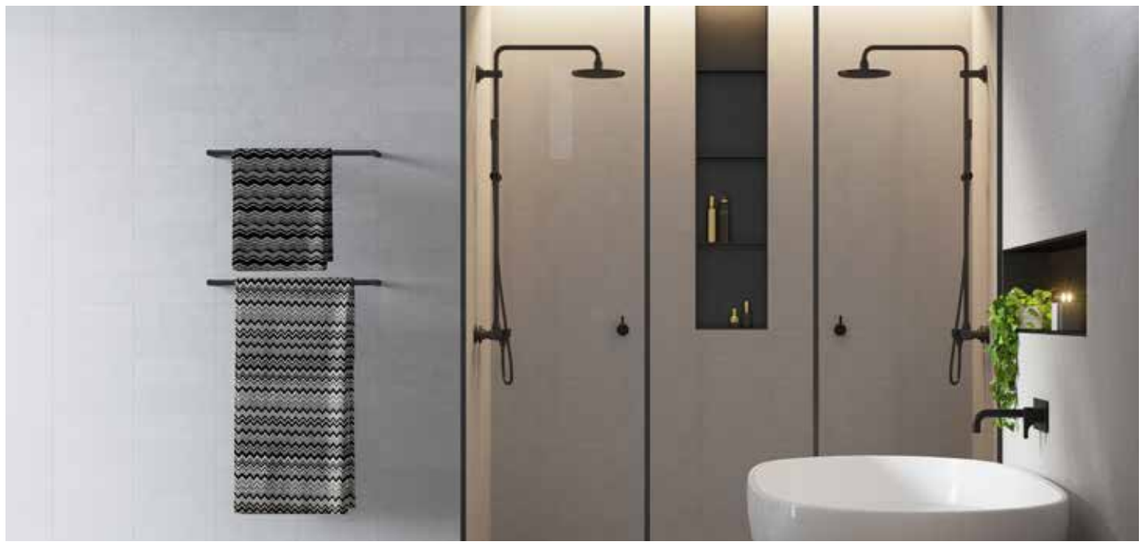
This type of settlement risk can be avoided by ensuring that marketing brochures or planning drawings with measurements (whether contractual or pre contract marketing brochures) include appropriately worded legal disclaimers and refer back to the contract. The contract should appropriately address the differing measurement methodologies used and exclude any purchaser right to terminate the contract on account of this issue.

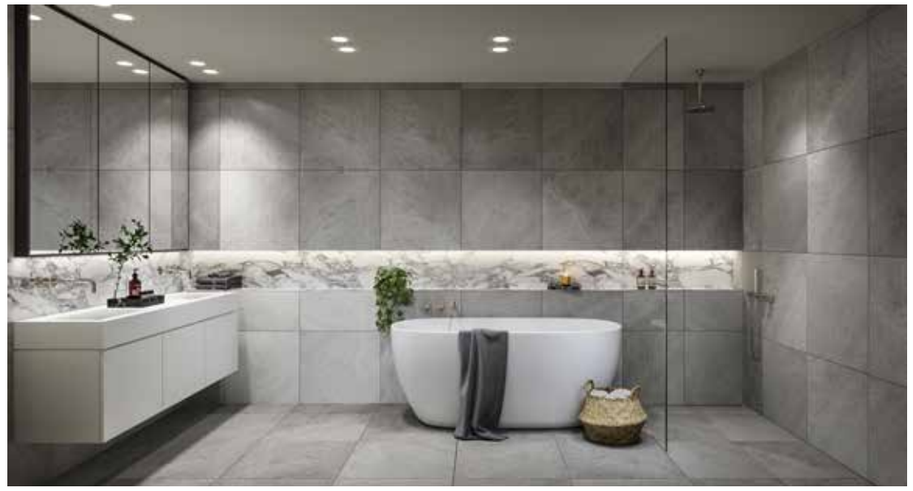
Communication is key

It is important to keep open a regular line of communication with purchasers throughout the development process. Adopting a proactive approach of identifying potential settlement defaults or changes of intention on the part of purchasers at an early stage gives the developer the best opportunity to manage any issues and work cooperatively with purchasers to find a solution. This may involve introducing alternative funding options or resale nomination options.

Written by Ted Vlahos (Director) and Ben Drysdale (Lawyer) of Pointon Partners Lawyers (PH) 9614 7707.

POINTONpartners
Lawyers





Financing both ends of the deal

Last year the finance world changed (again) and in 2017, you need to be creative as to how and where you look to get finance. The scope of clients at Entourage Finance range from the $500,000 first homebuyer to the $20Mil plus developer, and we seen have the recent changes have impacted everyone.

I've always said we're in the business of "relationships" and that's going to become even more relevant in the near future. Towards the end of 2016, some major lenders shut the door on first time developers or developers which hadn't used that particular bank before.

Not only did the appetite dry up with the banks for particular developers, but the LVR's were reduced too. Some banks are only willing to lend up to 50% for a development site with unapproved plans. The feedback I'm getting from the banks is they are still hungry for quality low-density developments that are geared towards owner-occupiers. If you are doing a 15 – 30 unit/townhouse development in Stonnington, Boorondara or parts of Bayside, then you're more likely to get the deal you want.

In January 2017, we were able to secure a client 70% LVR for a $7Mil plus site in Stonnington, without approved plans, at an interest rate with a 4 in front of it. While other banks were at 50% - 60% LVR, this was a big win, and we believe it came down to how the client was presented to this particular bank. Just one of the indications that there are still deals to be done; you just need to know where to look and who to speak to.

A preference for owner occupied developments can be partly explained by the changes enforced by APRA over the past 18 months. APRA is the governing body for all banks across Australia. APRA's policy stated that banks are only allowed to grow their investment book by 10% per annum and as some are getting close to this limit (and some rumoured to be over) they needed to make changes to how they price investment debt. As well as this, lending to non-Australian citizens purchasing investment units literally stopped overnight. You can see why owner-occupied properties are more attractive to banks.

In December 2016, most of the big lenders increased their variable investment rates, while keeping the owner occupied rates as is. Some lenders are at their limit for investment lending and are basically trying to steer away from investment debt. It's not uncommon for some lenders to have a 0.5% difference for investment debt, compared to owner occupied debt, whereas pre-2016 all types of loans had the same interest rate.

The other major change, which all purchasers and developers need to be aware of, is servicing. APRA said that banks borrowing capacity calculators were too lenient in such a low interest rate environment. There has always been a buffer on the interest rate used for banks, but now the gap between what someone pays and what the bank assesses you on is around 3 - 3.5%.

Let's put this into the context of an investor buying a $750,000 apartment and looking to borrow $600,000 (80% LVR). At an interest rate of 4.20% their repayments would be $2,100 per month based on an interest only loan over a 30-year period.

Banks will assess the investors serviceability of the 600,000 Principal and Interest loan at 7.40% over 25 years. With these adjustments the hypothetical repayment comes to $4,394 per month, an astounding $2,294 more than they will actually be required to pay.

Even developers need to show servicing for their sites. There is some flexibility on commercial and development lending compared to residential lending, however now the banks are under heightened pressure by APRA and ASIC.

More and more private lenders are popping up since lending to overseas purchasers has been restricted, but also since the slowing of the development finance. If you're unable get finance through mainstream banks, there is always someone willing to lend you money, if you're willing to pay!

We would encourage readers looking to obtain residential, commercial or development finance to give us a call to discuss their options. There has never been a more crucial time to have trusted advisors navigating you through the ever-evolving finance market.

ENTOURAGE
FINANCE

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E: info@entourage.com.au
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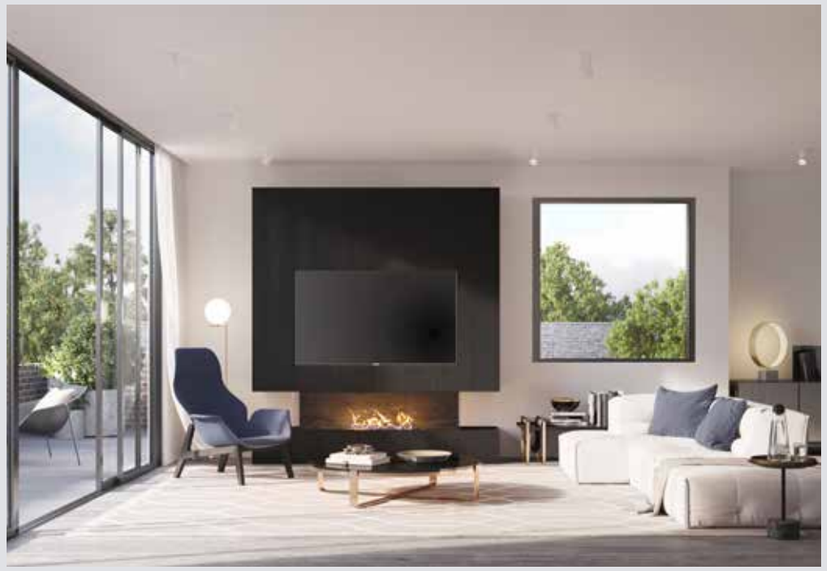
Damien Roylance is the director of Entourage Finance.

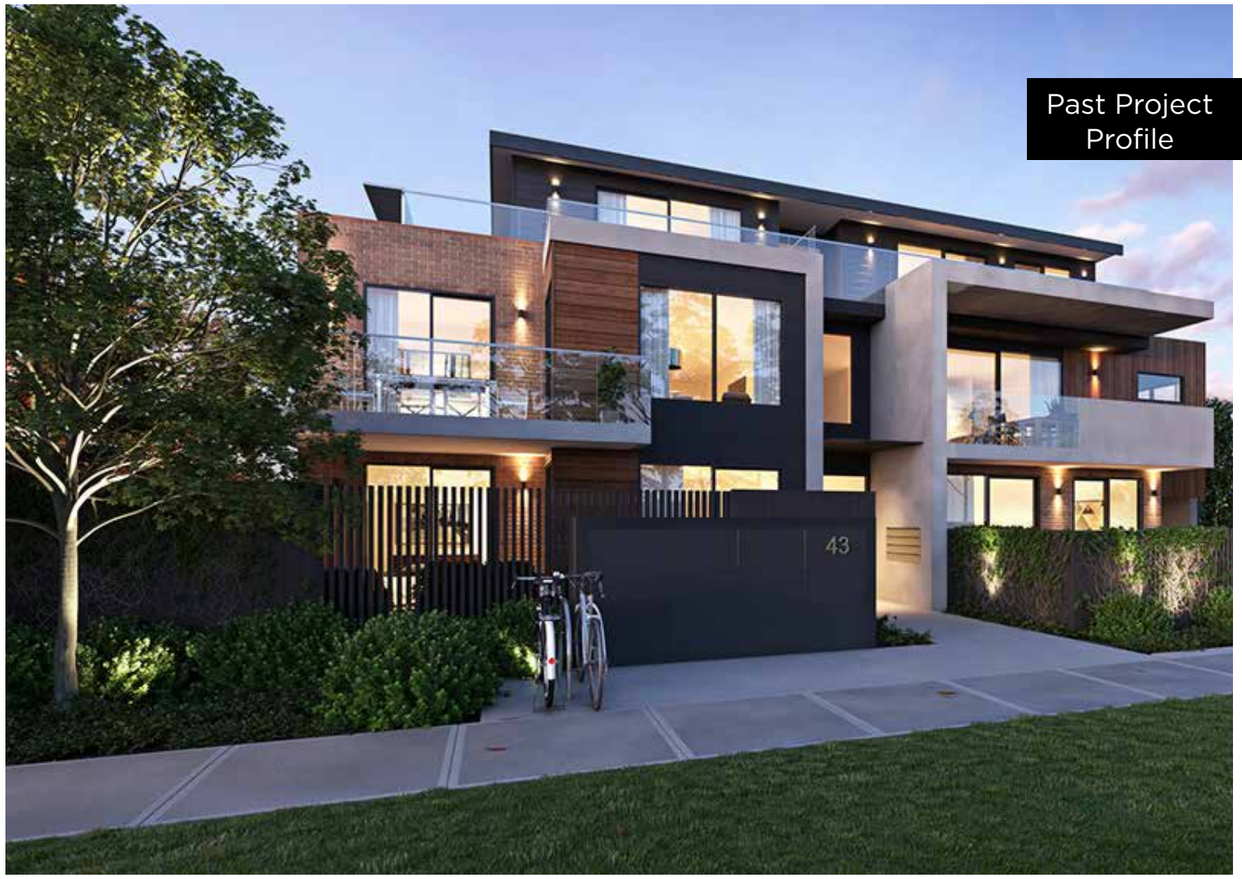
The Cromwell

6 Cromwell Road
South Yarra
thecromwell.com.au

Price Range
$535,000 - $1,485,000



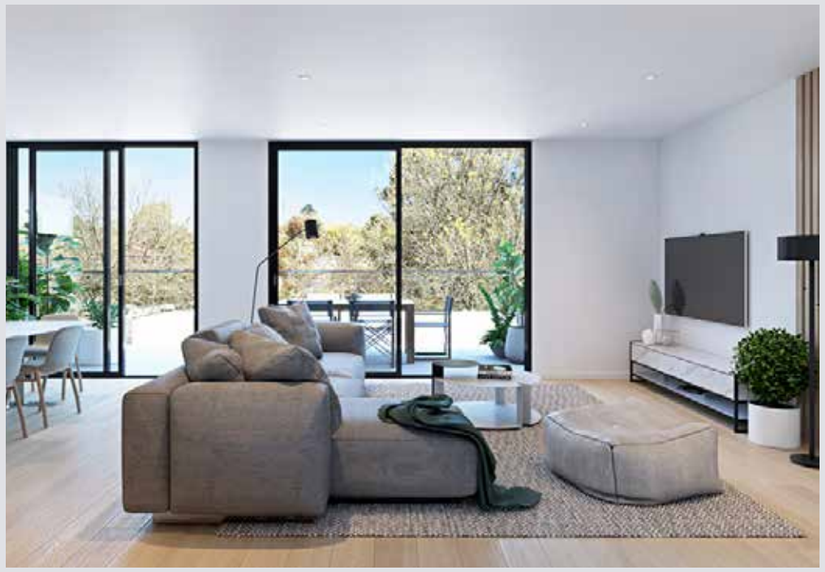
Apartment Type	% of Total	Average Size per m²	Average Price per m²	Average Price
1 Bed, 1 Bath	17	52.8	$10,720	$565,000
1 Bed + Flexi, 1 Bath	8	50.0	$10,700	$535,000
2 Bed, 1 Bath	17	67.7	$11,291	$764,500
2 Bed, 2 Bath	42	72.3	$11,466	$828,900
3 Bed, 2 Bath	8	101.0	$11,436	$1,155,000
3 Bed, 2 Bath, + PR	8	121.0	$12,273	$1,485,000



Zen

43 Zetland Street
Mont Albert
zenmontalbert.com.au

Price Range
$480,500 - $1,249,500



Townhouse Type	% of Total	Average Size per m²	Average Price per m²	Average Price
1 Bed, 1 Bath	9	52.0	$9,240	$480,500
2 Bath, 2 Bath	18	78.5	$9,549	$749,700
3 Bed, 2 Bath	45	100.8	$9,760	$984,034
3 Bed, 2.5 Bath	18	107.5	$9,595	$1,031,475
3 Bed + Study, 2.5 Bath	9	125.0	$9,996	$1,249,500

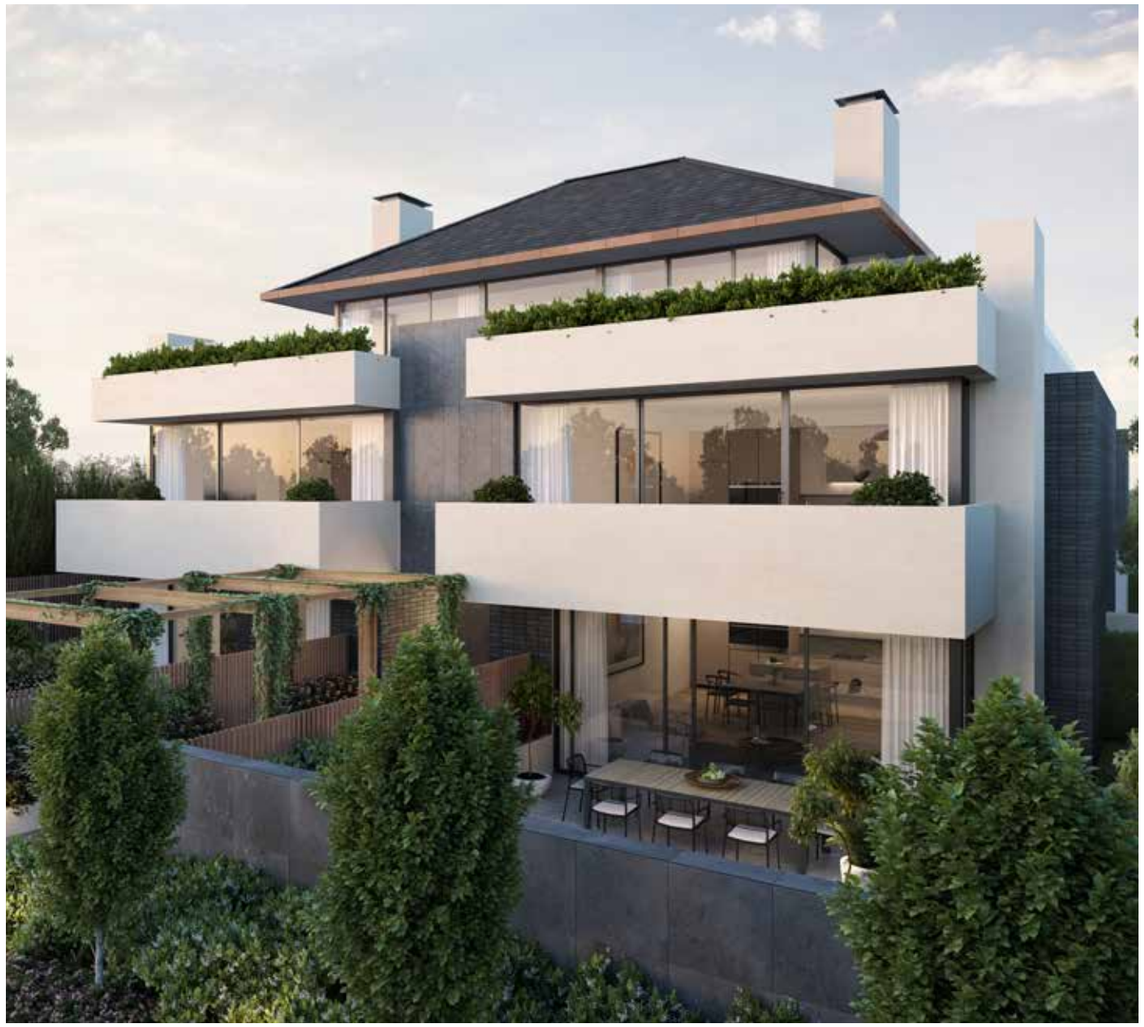
Breaking down Project Management to Value Add

Historically project management services were provided by the lead design consultant as part of their overall project services, and in most cases this was the architect. As construction contracts and project complexities have evolved, the tendency towards cost overruns and associated disputes increased. The property and construction industry needed an independent party to oversee the process as well as to adjudicate on contract variations that resulted from design development – and hence independent project management services were borne.

Project management is now more specialised and sophisticated from a time, risk and cost management perspective. Project managers oversee the delivery process, tendering of services and administration of budgets and contracts. All too often project management is seen as just running the process and administering a contract. In many cases this is all clients are seeking from this service, however, there is so much more value that a good project manager can add to a project over its life cycle.

The ability and experience to meaningfully contribute in the design process prior to tender is one way that substantial value can be added. Drawing on knowledge from extensive experience delivering a portfolio of projects, a good project manager can impart lessons learned and achievable outcomes to the design team – no matter what their experience is.

When looking to engage a project management provider that adds value to a project and process, it should not be the brand that a client looks for, nor the portfolio of projects the company has delivered. Rather, the focus should be on who the individual project manager dedicated to the project is and understanding their experience and capability. After all, project management firms are a human resources based business.



The experience and knowledge of the individual involved can truly add value beyond the process. Clients would be well advised to seek a project manager that has:

1. Sector experience of the project so they can contribute to the design and functional aspirations.

2. Experience working in the industry outside of pure project management services so as to add value beyond the processes.

3. Knowledge of individual experts from all the disciplines partaking in a project – it not only the project manager that is a human resource service provider.

Examples of value that a good project manager can deliver include better and more functional design, smarter buildability processes and importantly reduced project build time. All these contributions enhance the overall return on the project to the developer or investor.

Finally, the ability to evaluate the quality of the inputs from all sources and provide meaningful assessments is what truly can add value in the project management process. After all, all projects are different and it is the quality of the inputs and decision making at every level that determines the ultimate success of a project.

reddan
property group

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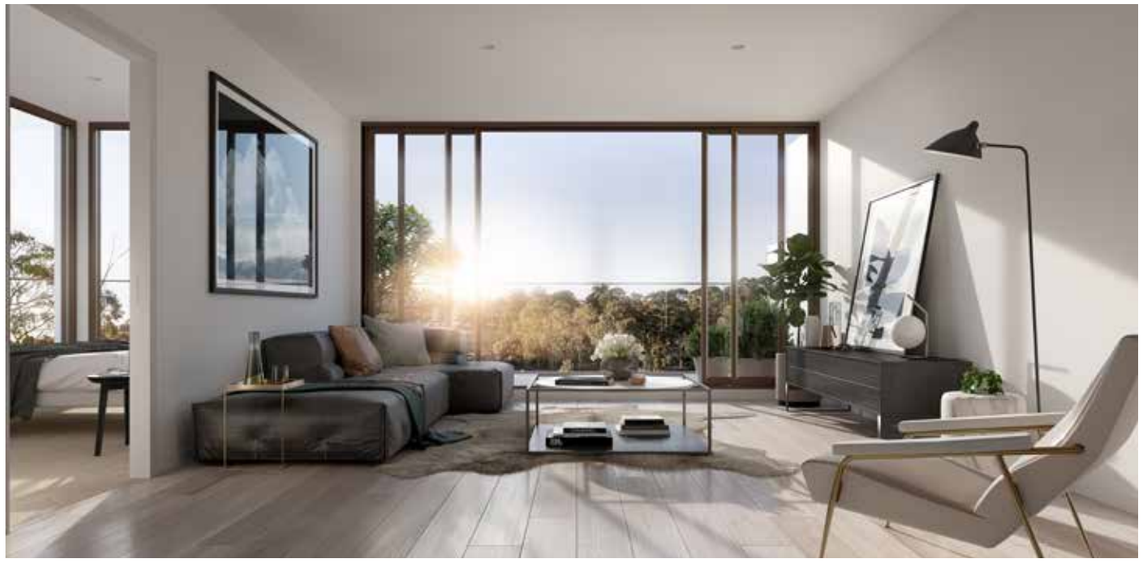


5 Minutes With...

A Marshall White Projects we're privileged to work with a selection of some of the best people in the project space, both locally and offshore.

Our quarterly newsletters contain a snapshot of their first hand view of the market place and importantly what direction we're all heading towards for the remainder of the 2016/2017 financial year.

The comments below are a response to two questions; namely,

1. What is an acceptable return on capital in the current climate?
2. Do you diversify in all sections of the market or specialise in one sector?

Robert Murphy

Development Manager
SMA Projects

1. Regardless of conditions, benchmarking back to the long-term average rates is desirable, as these overlay the inherent risk and cyclical nature associated with the particular investment style.
2. Diversity is an important element to all investing and should be applied across different styles of investment. Property as a style of investment requires diversification no less and includes choices of a principle place of residence, investment or managed fund. The residential sector has the widest market coverage in Melbourne and so we would recommend and use it to build upon until smaller steps allow bigger ones to be taken.

SMA

Matthew Chun

Director
Chun Group

1. Acceptable level of return is dependant on the level of risk associated with the investment. We evaluate this against the risk free rate (say a three year government bond currently 1.89%). Therefore the riskier the investment is, the higher the margin should be above the risk free rate. Therefore, buying an existing house in a premium location may only demand a 2-3% margin above the risk free rate, say 4-6% annual return as opposed to a development which may acquire a 15-20% margin above the risk free rate.
2. We specialise in the project management and development of medium density townhouses and apartments in Melbourne. Our philosophy is to be the best at one thing, rather than average at many things. We see the most opportunity in medium density urban residential development over the next 5-10 years and are therefore heavily focussing and specialising in this field.

CHUN GROUP

Elias Jreissati

Group Chairman
Bensons Property Group

1. We look at each potential project on a case by case basis.
2. Diversification inevitably means a breadth of investments that combine a mix of higher risk-higher return projects and lower risk-lower return transactions. We choose not to participate in the high risk-high return side of things and instead focus our energy and expertise on constantly finding the opportunities that deliver a return somewhere in the middle.

Bensons
- PROPERTY GROUP -

David Steele

General Manager
Metro Property
Development

1. We aim for a minimum 20% return on development costs.
2. We specialise in residential and will only buy sites in and around Melbourne that have a very strong owner occupier demographic that will underpin the sales.

METRO PROPERTY DEVELOPMENT

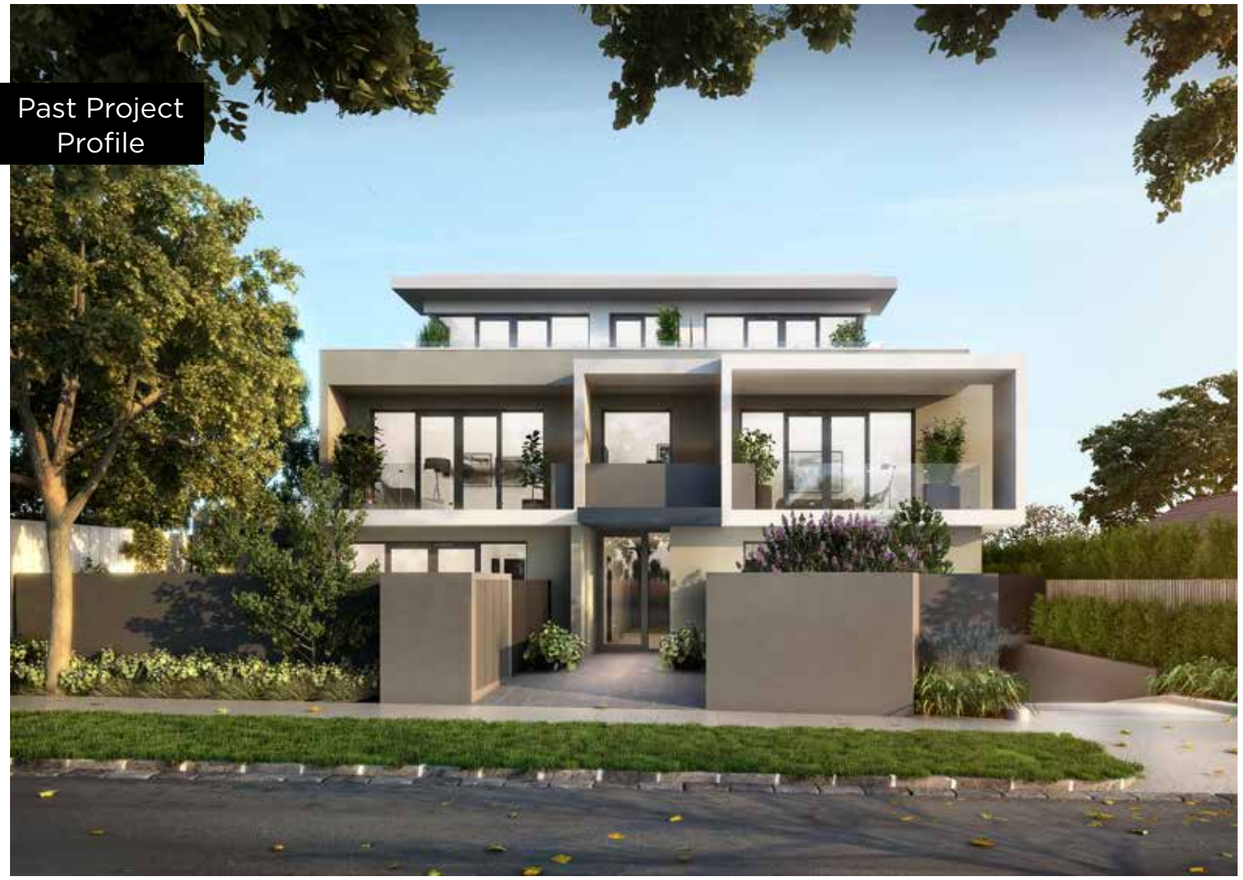
Nolan Stevens

General Manager
Buxton Group

1. We don't look at specific rates of return rather appropriate risk adjusted rates of return and how they fit with our portfolio.
2. Working for a family which is a large part of Melbourne's property history, it is hard to diversify away from Melbourne residential property, however we gain diversity across multiple projects through our joint ventures with like minded developers. The diversification away from property is a work in progress!

BuxtonGroup Development & Capital Partners

Past Project Profile



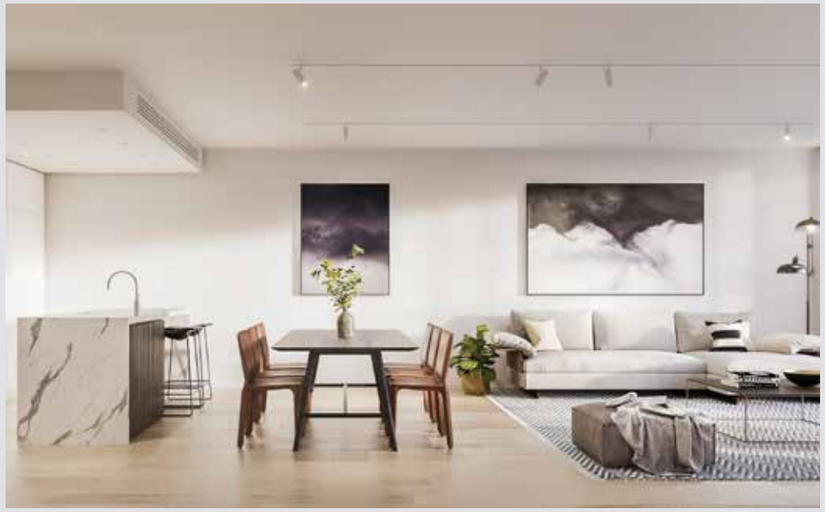
Fellow

2 Ormond Road
Ormond
fellowresidences.com.au

Price Range
$393,000 - $649,000

Apartment Type	% of Total	Average Size per m²	Average Price per m²	Average Price
1 Bed, 1 Bath	13	51.5	$7,718	$397,500
2 Bed, 2 Bath	87	73.7	$7,713	$568,554

Past Project Profile



Smith & Bentleigh

77 Robert Street
Bentleigh
smithandbentleigh.com.au

Price Range
$849,000 - $1,089,000

Townhouse Type	% of Total	Average Size per m²	Average Price per m²	Average Price
3 Bed, 2 Bath	20	121.9	$7,178	$875,000
3 Bed, 3.5 Bath	40	150.0	$6,472	$969,000
4 Bed, 2.5 Bath	40	150.9	$6,128	$924,500

Latest Design Trends

"Great design is the key to creating 'on trend' interiors that will appeal to buyers"

We spoke to Miriam Fanning, founder and principal interior designer at MIM Design, an award-winning Melbourne-based practice known for its creativity, high end finishes and attention to detail - to find out hertrend predictions for 2017.

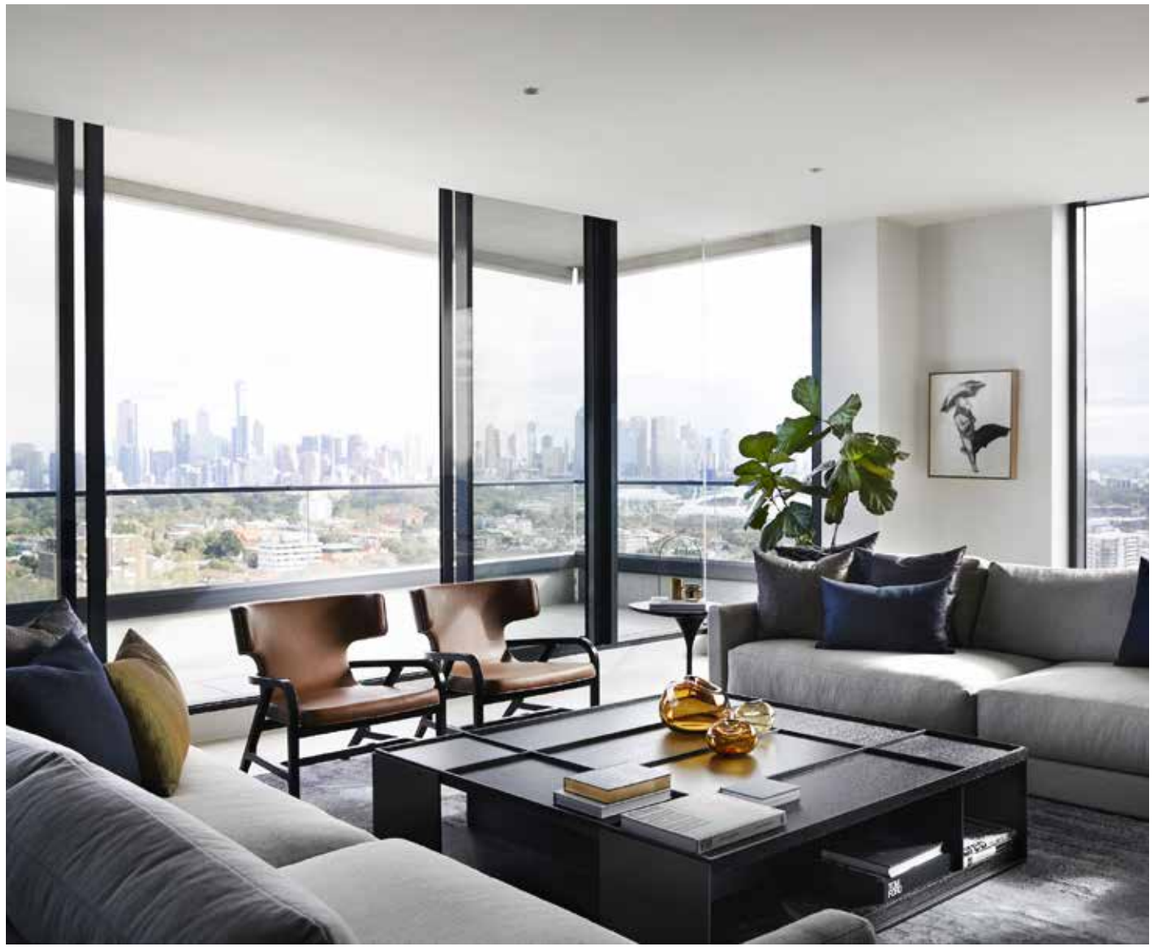
1. What is 2017 biggest colour trend?

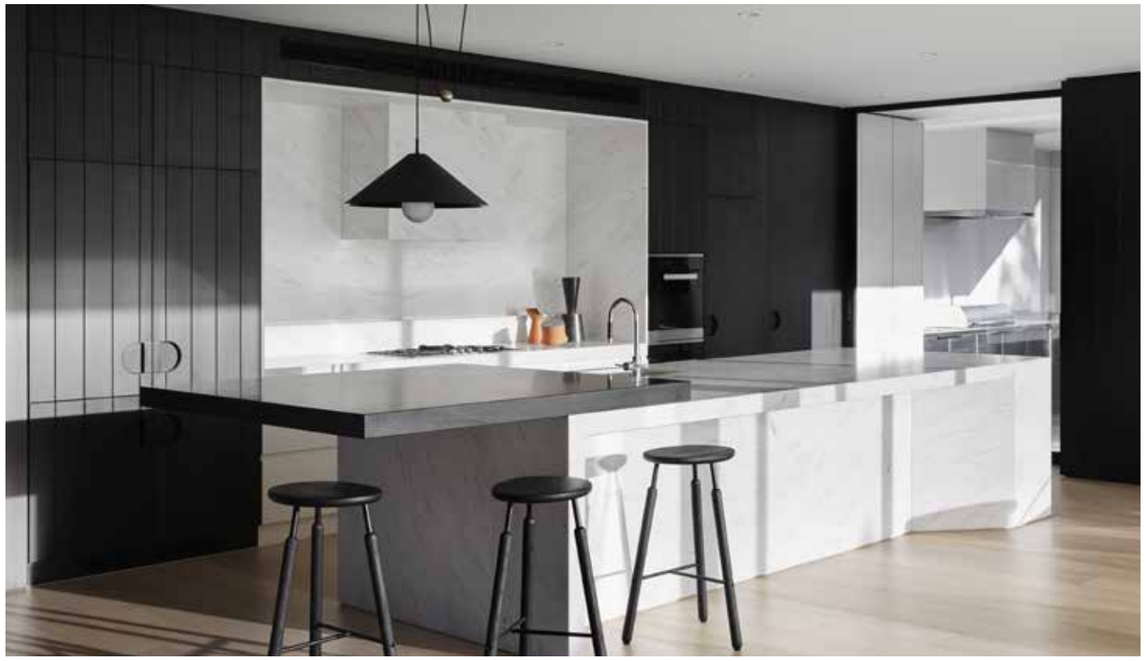
We are really seeing a strong play of navy and inky blues, as well as the continuing use of blush pinks with deep heritage greens and a lovely rich camel tan.

2. Please share your favourite current design trends.

We don't really look at trends. We really like to curate ideas and create timeless and well-designed interiors that stand the test of time, but I must say we always love finishes that feel great, such as velvet. There's nothing better than sitting in a lush velvet chair.

A big element we are looking at presently is proportion and sculpture and bringing that into a home in an interesting way that creates a sense of individuality and joy for the home owner.





3. What finishes are the popular?

The finishes we are looking at exploring at the moment are materials that are authentic, such as onyx, marble and granite. We are also looking at a lot of platinum finished tap ware and hardware, as well as leather upholstery and panelling.

4. Tell us your top three picks for on-trend textures?

Our top picks for materials and textures go without saying, we always love stone, but we are looking for new types. Whether it's a volcanic stone or a granite, mixing it up keeps It fresh.

We are also loving 'Nubuck', it's the softest yet hardiest type of leather for luxurious wall panelling.

In bathrooms we are also looking at subtle variations such as adding fluted glass as a detail to cabinetry and doors.

5. What is your prediction for the biggest home interior trend in 2017?

Home trends are really hard to predict. I believe that well designed home is one with an abundance of natural light also floor plans that are clever and practical as well as a beautifully curated homes where owners live the design process through experience with their design consultants are the best types of homes we see.

mim DESIGN

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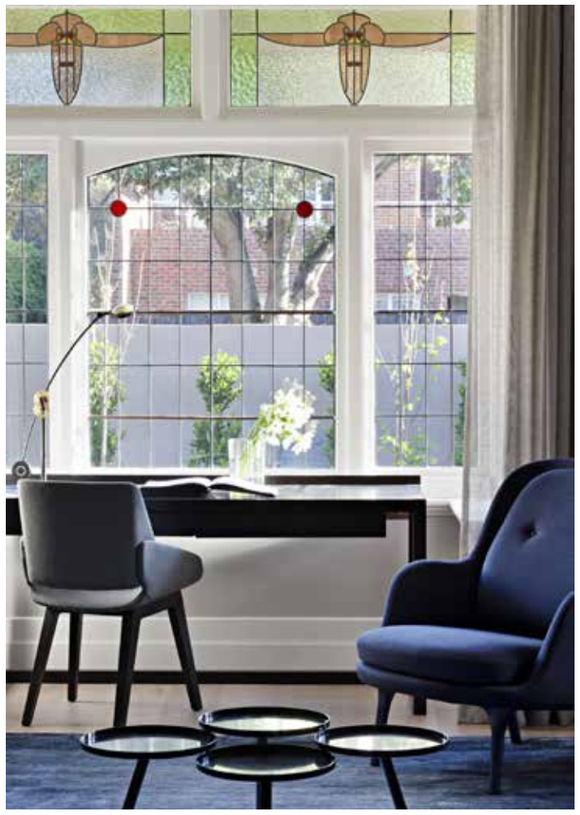
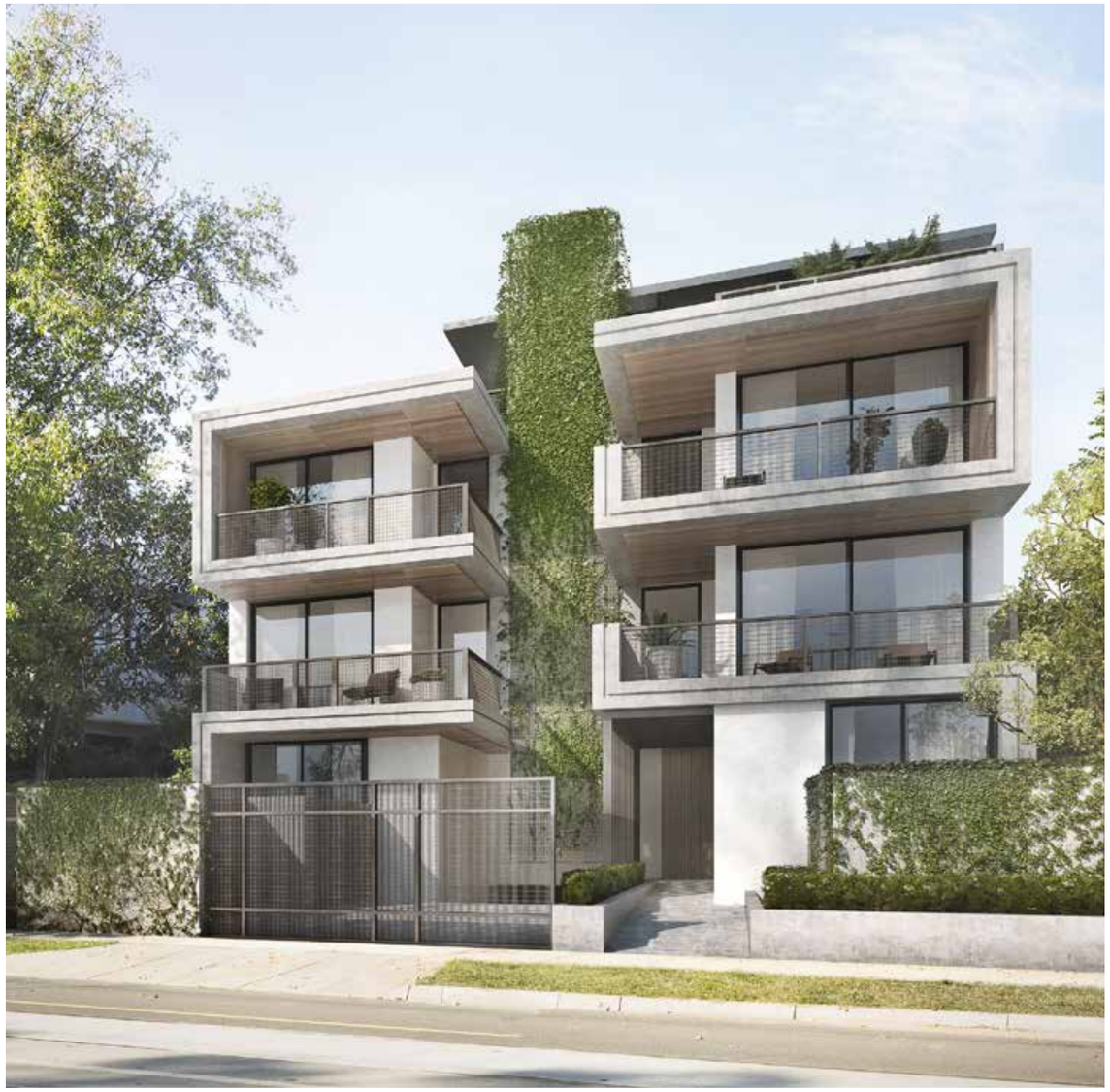


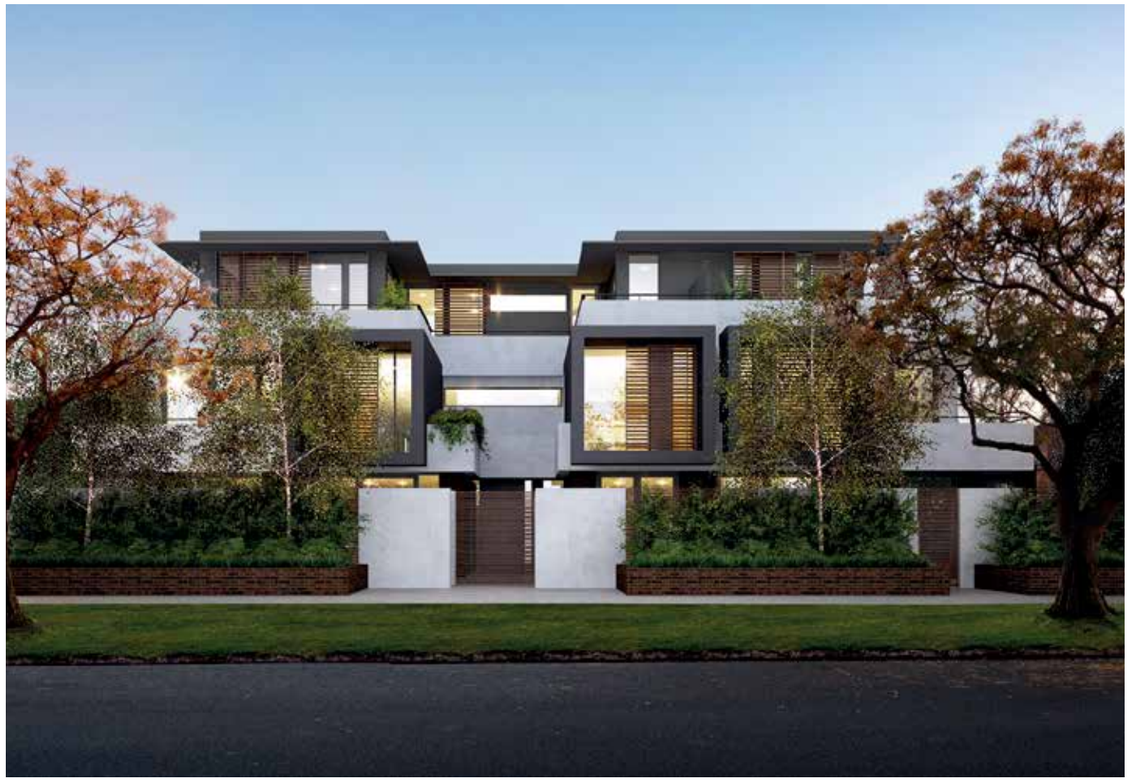
Leading the way in better apartment design

The housing landscape has changed dramatically over the past two decades, with apartments becoming the preferred housing choice for many Victorians due to affordability and life style benefits. Twenty years ago, only five percent of all new dwellings in Victoria were apartments in high density buildings. In May 2016, this figure had increased to more than 25%. The number of apartments in Victoria will continue to increase over the next 40 years, with Melbourne's projected population growth from 4.5 to 7.9 million requiring an estimated 1.5 million additional dwellings.

At the end of 2016, the Victorian Government introduced the Better Apartments Design Standards, which will apply to all apartment developments in Victoria from March 2017. The design standards seek to improve the liveability and sustainability of apartments in Victoria and are a welcome addition to the Victoria Planning Provisions and wider planning schemes.

To date, there have been no formal standards or requirements around key design elements including minimum room sizes, adequate daylight provisions, natural ventilation and internal storage. As a result, substandard apartments, commonly known as 'dog boxes', have flooded the market. Common characteristics include limited or no private open space or storage, bedrooms without windows and floor areas so small that they would be considered 'unliveable' in other states.





Poor quality apartment design has real-life consequences, including the potential to detrimentally impact the health and wellbeing of residents. A recent Health and Well Being Study conducted by The McCaughey VicHealth Community Wellbeing Unit at The University of Melbourne, determined that poor apartment design can lead to negative psychological outcomes including depression, reduced cognitive functioning, increased levels of stress, and feelings of isolation. The study also concluded that poor design can adversely impact the physical health of residents, including an increase in falls due to limited natural light, respiratory problems, sleeping difficulties and cardiovascular issues.

Due to the absence of compulsory design standards, Ewert Leaf has avoided multi residential developments in the inner city, as they have often been more about yield than occupant amenity. We have instead focused on the boutique apartment space, which allows us to provide a product that does not compromise on amenity, yet can still be delivered for a reasonable price.

An example of this approach is High and Spring, a 26 apartment development in Malvern designed by Ewert Leaf. Occupant amenity has been the driving force behind the design and consequently the development well exceeds the requirements set out in the Better Apartments Design Standards. The average floor area of an apartment is 95m2, which is combined with generous private outdoor living spaces and environmentally sustainable landscaping. Extensive full height glazing provides views of the surrounding area, along with access to natural light and ventilation. Operable timber screens offer privacy and solar protection. Common areas include a large wine cellar for group entertaining and a workshop for household and bike repairs.

Our focus on liveability and sustainability has resulted in multi-residential developments which sell out quickly and which will stand the test of time. Well-designed apartments are a valuable investment in the well-being of residents and their communities and leave a positive legacy for future generations. The new Better Apartments Design Standards will hopefully mark an end to the development of substandard apartments and prompt all architects and developers to produce a better product and a better result for all.

EWERT LEAF

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Functional living spaces

Having a comprehensive body of works and a wide range of experience with multi-residential and townhouse design, Adele Bates design strive to design and create apartments that they themselves would like to live in.

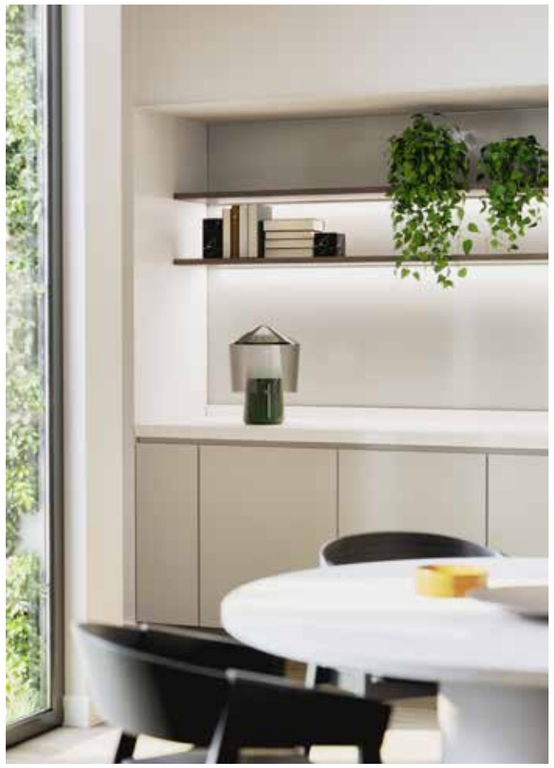
Adele Bates Design is a multi-disciplinary design practice specialising in interior design and working collaboratively with local and international architects, landscape and graphic designers, artists and artisans to design apartments and homes that are beautifully resolved.

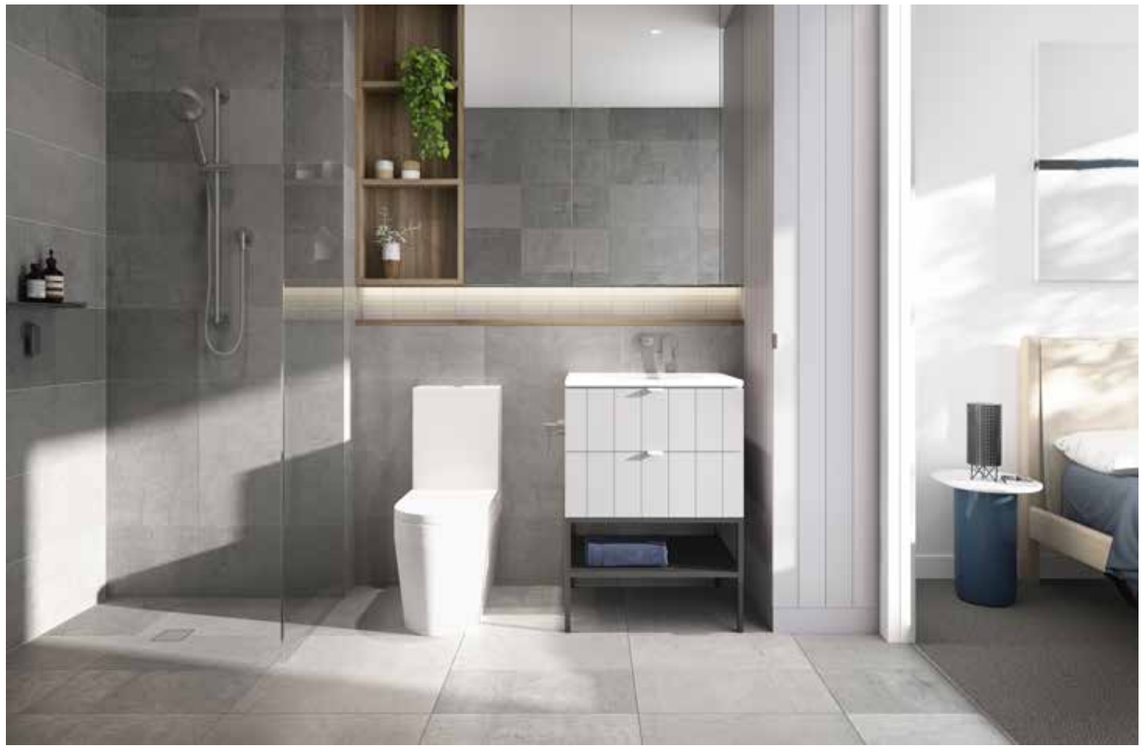
The practice applies residential thinking to their bespoke, detailed and finely crafted interiors for boutique and multi-residential apartments. This holistic approach and attention to detail culminate in an apartment designs that is are architecture and location appropriate, furniture friendly and investment astute.

Principal Adele Bates has over twelve years' experience across a diverse range of projects.

The primary focus for the Adele Bates team is to approach each project in a unique manner, with a considered look at location, demographic and the natural elements. This is vital due to the shift in the way we live; elements of residential design are commonly included in multi-residential developments. The market has evolved to include clients actively seeking the apartment lifestyle, preferring smaller, versatile and pared back homes with generous balconies and the lifestyle this promotes. As a consequence, the nature of multi-residential living has to align with this new demographic.

The creation of functional living spaces requires new thinking and the integration of storage space plays an important role. Clever joinery elements, such as hidden storage, built in furniture and integrated appliances provide a seamless look and feel that caters to the owners' needs. Joinery is increasingly treated as an aesthetic feature in apartment design, with the range of finishes and materials available ever evolving and expanding.





Kitchens have long been the heart of the home, but have now become the social hub, with cooking and preparation a more exposed part of entertaining than ever before. The layering of colours, textures and materials, primarily in kitchens, but also carried through all the elements of the home has become a tactile way of expressing an interior style. There has been a move away from safe options; as a collective, we have grown to embrace and celebrate the characteristics of natural materials such as timber, stone and leather. Paired with artisanal light fittings, hand glazed tiles, natural ceramics and the plethora of hardware and tapware finishes that have exploded onto the market, apartment homes have become more unique, vibrant and soulful than ever.

We believe that all elements within the space need a sense of purpose; the seamless integration of bathrooms, kitchens and laundries, ensures that the living space is maximised and promotes a good sense of flow.

Importantly, the selection of appropriate yet sculptural furniture and ornaments contributes to the atmosphere of a space. Signature pieces with unconventional silhouettes create a sense of drama and provide a punch of personality. The integration of tactile materials, such as thick pile velvets, chunky rugs, luxurious window treatments and soft furnishings give the living spaces warmth and individuality. So too the inclusion of large scale art works or photographs which quickly inject colour and movement.

Another development (excuse the pun) has been the new found importance and appreciation for communal spaces, such as foyers, dining areas and lounges. Multi residential living allows for a ready-made community, so communal areas encourage neighbours to meet, socialise and grow their local network. Some common spaces are even treated as personal event spaces, with foyers regularly having elements of a gallery feel, and large scale rooftop gardens providing a place to socialise as well as connect to nature.

There has been such a leap in terms of lifestyle and living environments, that we, at Adele Bates Design, are thrilled to be a part of the shift and to drive what comes next.

Adele Bates

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