

SE APlus
HD Cafes give suburbs a kick-start
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WC 1,540 words
PD 29 March 2014
SN theAustralian.com.au
SC NLAUSW
ED APlus
PG 11
LA English
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A trendy barista can add dollars to the value of nearby homes

WHETHER you are a latte drinker or an espresso sipper, or you're on the growing bandwagon of discerning cafe dwellers opting for ristrettos, macchiatos and affogatos, it is a safe bet that you are spending more money at cafes.

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While schools and transport links are still crucial factors in **property purchases**, in certain areas caffeine provides not just a jolt to the circulatory system but also pushes up **property** prices.

"Lifestyle puts the prices up," Century 21 Australasia chairman Charles Tarbey says.

He says the opening of a trendy cafe can jump-start local lifestyle desirability, increasing competition and pushing up prices.

"The opportunity for better lifestyle, which could include the addition of a good quality coffee shop, would definitely have an increase in interest of people buying in an area," Tarbey says.

"And when there's more interest in **property** then it increases the value for sellers." In Melbourne — the city deemed to be our cafe capital — first-home buyer Chris Gardner is a living embodiment of this trend. He not only bought near a cafe but actually sat in one while making the biggest purchasing decision of his life.

Gardner **purchased** off the plan a two-bedroom **apartment** at the Walpole Kew development, in Kew in Melbourne's east, as a joint mortgage with one of his friends, for \$720,000 after **estate** agents went through their spiel in the local Lil Boy Blue cafe, giving him a vision of his future life. "Definitely the growing cafe culture in the area was a factor in me buying," Gardner says as he sips on a long macchiato at another of Melbourne's leading cafes., Top Paddock.

"I'm drawn to cafes, lunches, dinners and all those sorts of things. Lifestyle plays a large part in my decisions day to day." Presenting the project in a local cafe was a huge part of the Walpole Kew project's success, says CBRE director of **residential** Nic Cuni. All 19 apartments **sold** out before midday on the first day of sales.

"Great conversations are had over Melbourne coffee," Cuni says. "We sit down and go through the plans and find out exactly what the buyer wants and it makes them comfortable to know a lot of the locals are in and around there too." Many locals want a trendy cafe as close to their front door as possible, says local real **estate** expert Catherine Cashmore. And they are prepared to pay. "A cafe that attracts a good number of people and has a good clientele will increase the price of your **property** because it will add to the community feel that's around it," she says.

Northcote, in Melbourne's northeast, home to cafes including the light-filled corner cafe Barry, is evidence to support this. Here median home prices increased 37 per cent in the past five years to \$917,000, she says. This has outpaced the city as a whole. Melbourne's prices increased by 30 per cent to \$645,000 during the same period, according to the Real **Estate** Institute of Victoria.

We live in a booming cafe society. Retail turnover at cafes and restaurants increased nearly 12 per cent in the year to January, Colliers International retail valuer Lee Beasley says. And rising demand has increased the number of cafes in Australia by nearly 7 per cent since 2009, to more than 9000 outlets, according to estimates from the Mintel International **Group**.

JLL retail leasing executive Amy Carlson says Sydney is catching up to Melbourne in its suburban cafe offerings. "Sydney has well and truly joined the party, with experienced baristas leaving their coffee headquarters to establish their own businesses," Carlson says. "The likes of The Grounds in Alexandria, Reuben Hills in Surry Hills and Youeni Foodstore in Castle Hill are all exceptional offerings in **residential** areas." If this trend has a Sydney epicentre it could well be in the inner south suburb of Alexandria, for years a light industry suburb of factories and warehouses with no major shopping centre, an intermittent bus service and an unfashionable local high school.

Trendy cafes have transformed the former industrial precinct, according to LJ Hooker inner city director Brigitte Blackman, and house prices and professional income earners have followed. "Five years ago in Alexandria there was nothing and now they've got cafes popping up everywhere, from The Grounds to Fratelli Fresh, and the (housing) values have gone up significantly," she says. "There is some industrial (buildings) left but it will be turned into **residential** in no time." The average house price in Alexandria has swelled to \$950,000 while the average **apartment** will set you back \$565,000 with annual house price growth outpacing the rest of the harbour city, according to Australian **Property** Monitors. It was all so different two decades ago, says Alexandria local Edwina Searle. There were just a handful of cafes in the area when she bought her single-storey two-bedroom terrace 20 years ago. "Now we step outside and there are 10 within walking distance. It brings so many people from other suburbs into the area and it feels quite vibrant," says the writer and mother of two.

Twenty years ago a terrace similar to Searle's cost about \$240,000. Just weeks ago a three-bedroom house on the same street **sold** for a whopping \$1.15 million.

Edwina's local roaster and cafe The Grounds opened in 2011 on the **site** of an old pie factory and now draws crowds from all corners of Sydney. The giant cafe with two banks of coffee machines boasts a resident pig, "Kevin Bacon" (made famous by his mystery abduction and unexplained return last year), a kitchen garden and weekend markets where locals can shop for artisan loaves and other bourgeois baked goodies. Since The Grounds opened three years ago, **apartment** prices in Alexandria have jumped 23.75 per cent while houses have surged 15.06 per cent.

In Brisbane, agents say the cafe culture has well and truly made up ground in the past 10 years and is thriving, especially in South Brisbane and West End.

"There are 275 bars, cafes and restaurants within the South Brisbane and West End postcode," CBRE managing director of **residential** projects Paul Barratt says.

"It drives investors and owner-occupiers and it is a key part of our marketing. First-home buyers, particularly the younger generation who are buying apartments now, are very driven by lifestyle and the cultural aspects of the area." He points to a West End cafe called the Gun Shop Cafe, which used to be a real gun shop but is now the trendiest coffee shop in Brisbane. "Nearly every single project that has been marketed in South Brisbane and West End invariably has a photo of the Gun Shop cafe in the brochure," he says.

Perth real **estate** agent Jo-Anne **Chin** says the emerging cafe culture in Perth's Highgate where she marketed Finbar's **sold**-out St Marks **apartment** development, is fuelling the area's popularity.

"A great example of the types of venues that are really lifting this area is the Mary Street Bakery, which opened just around the corner from St Marks in the second half of last year," she says.

The artisan bakery-cafe fast became a local favourite for its fine Ethiopian coffee blends and famously dense sourdough, and St Marks' owners who have **sold** their apartments have made a whopping 10 per cent to 15 per cent return in just over a year, **Chin** says.

"It has its own bakery, it uses locally roasted coffee and it's always jammed on a Saturday and Sunday for breakfast and lunch. These groovy little hole-in-the wall coffee shops are making the suburb incredibly popular to **buy**," she says.

Back in Sydney, a few suburbs to the west of Alexandria, Marrickville, once known for its cheap Vietnamese food, discount fabric shops and proximity to the flight path, has become home to a collection of cool cafes quicker than you can say "gentrification".

Marrickvillian and real **estate** agent Danny Hassan of McGrath **Estate** Agents calls the area "Newtown's little brother". And if you want more evidence about the double-shot effect cafes can have on real **estate**,

look no further than Cornersmith. Squeezed between Vietnamese pho houses on bustling Illawarra Road, it draws crowds for the organic tasting plates and pickling workshops.

Hassan recently **sold** a house on the street adjacent to Cornersmith to North Sydneysiders Allie Burton and her husband Alex for \$1.36m, a price he says would not have been possible a year ago before the cafe opened.

"It would have **sold** for \$1.1m at most back then. The demographic is changing very quickly," he says. Burton, a town planner and mother to 14-month-old Jack, says the area provided "more bang for your buck". "It is less than a five-minute walk to good coffee, good food, a **park** and a pub," she says. "On the north shore we would have paid \$2m for a home like this."

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AN Document NL AUSW0020140328ea3t0000h