



NSW Apartment Purchaser Perceptions: Final Results Report Background Document

UNSW City Futures Research Centre

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**Research undertaken for Government Architect NSW
August 2023**

DOCUMENT PURPOSE

This background document is a companion to the Final Results Report. This document provides:

- an executive summary of the report findings, and
- a detailed description of the project methodology and analysis.

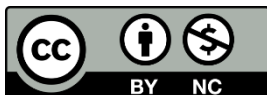
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This report is based on research undertaken with funding from Government Architect NSW. Any opinions expressed in this report are those of the authors and do not necessarily reflect the views of UNSW Sydney or Government Architect NSW. Any errors also remain the responsibility of the authors.

Acknowledgements

Our thanks to owners who did the survey, and a special thanks to those owners who participated in a follow-up interview. Thank you to the following organisations for support advertising the survey: Owners Corporation Network, Strata Community Association (NSW), Flat Chat, and the City of Sydney's apartment owners network. Thanks also to Yunzheng Zhang, UNSW Sydney, for research assistance with survey data processing. Apartment photos included in the report are all by Charles Gillon.

Reference Information

Authored by Charles Gillon & Hazel Easthope.

Recommended citation: Gillon C & Easthope H (2023) *NSW Apartment Purchaser Perceptions: Final Results Report Background Document*. City Futures Research Centre: UNSW Sydney.
<<https://cityfutures.ad.unsw.edu.au/nsw-apartment-purchaser-perceptions/>>

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EXECUTIVE SUMMARY

1. Project background

- The objective of this project was to understand consumer-side priorities for medium-high density living in NSW, focusing on the experiences of recent apartment purchasers (defined as those who have purchased an apartment in the last 10 years, 2013-now).
- The project was guided by two research questions:
 - RQ1: How did recent purchasers assess their options and choose between different apartments when deciding to buy?
 - RQ2: What are the major factors influencing positive/negative perceptions of apartment buildings amongst purchasers? Factors under consideration include building age, size, height, density, layout, common spaces, and building facilities (e.g. gyms, rooftop access).
- Two methods were used to explore the preferences and perceptions of recent apartment purchasers: a NSW-wide survey of apartment owners (n=260), and follow-up interviews with a selection of owners about their purchase (n=20).
- Report findings focus on the preferences and experiences of owner-occupiers (n=210 survey participants, n=17 interview participants). Tightening the focus on owner-occupiers is valuable in answering the research questions as these perspectives show the priorities of purchasers that are buying an apartment to live in.

2. Survey findings

Survey Theme 1: Pre-purchase preferences

- We asked survey participants about their preferences before purchasing, in relation to building type, size and age. For these questions, participants were able to choose more than one answer from the presented options. Results are reported as the percentage of all participant responses.
- The apartment building owner-occupier survey participants were most attracted to was a medium rise building, with fewer than 20 apartments, built either 11-20 years ago, 5-10 years ago or in the last 5 years.
- Participants were more attracted to medium rise apartment building types, which include courtyard apartment buildings (41% of participants selected), row apartments (39.5% selected) and narrow infill apartments (36.7% selected). This compares to 17.1% of participants that were looking for an apartment in a tower.
- Participants preferred buildings with fewer apartments. The most common responses selected were less than 10 apartments (33.8% selected) and 10-19 apartments (29% selected). Reasons for these size preferences were related to perceived benefits of living in smaller buildings: greater sense of community, and smaller strata schemes being easier to manage and with less 'big ticket' items to maintain (e.g. lifts, pools).
- Building age preferences pre-purchase were more varied, split between new, 'middle-aged', and older buildings. For those who preferred something newer, the most common reasons included modern design, amenities and finishes, maintenance and repair costs in older buildings, and wanting something brand new.

- Common reasons for preferring older buildings included a perception that older buildings have better construction quality, the building being old enough that issues are known and resolved, and concern about the risk of defects in new buildings.

Survey Theme 2: Selection

- Survey participants were presented with a series of options related to the relative importance of different building design features, and whether they considered a series of other factors about the building's strata scheme before purchasing.
- Number of storeys (63.8% important), materials used (62.9% important), and number of apartments (58.6% important) were considered by owner-occupier survey participants as the most important apartment building design features from the provided options.
- Features considered less important from the options provided were indoor communal spaces (54.8% not important) and facilities for residents (46.2% not important).
- The most likely other scheme aspects to be considered by surveyed owner-occupiers from the options provided were the kinds of information provided by pre-purchase strata reports and building reports: maintenance and repair (88.6% considered), strata fees (88.1% considered), and financial health of the strata scheme (82.9% considered).
- Aspects less likely to be considered from the options provided were the balance of owner-occupiers and investor-owners (43.3% didn't consider), the life of the building (30% didn't consider), and the size of the strata scheme (29.5% didn't consider).

Survey Theme 3: Post-Purchase

- The final part of the survey asked apartment owners to reflect on their purchase decision and their perceptions of their apartment after purchase.
- When asked why they bought their apartment, preferred location, apartment layout and size, and apartment outlook/aspect were the most important reasons mentioned by owner-occupiers. Other reasons mentioned included affordability/price within budget, building form and layout, and access to green space.
- Almost 6 in 10 survey participants purchased into medium rise apartment building types (narrow infill, courtyard and row apartment buildings comprised 56.8% of apartments purchased).
- 8 in 10 owner-occupiers reported that were able to buy the type of apartment they were looking for (31.1% strongly agree, 51.2% agree).
- 8 in 10 owner-occupiers reported they were satisfied with their purchase. The most mentioned reasons for being satisfied were related to apartment location, the apartment met criteria/needs, satisfaction with apartment design and layout, and the scheme being well managed and maintained.
- More than 1 in 10 owner-occupiers (11.8%) reported they were not satisfied with their purchase, and nearly 1 in 10 felt indifferent (8.3%). The most mentioned reasons that owners were unsatisfied included governance difficulties, the presence of building defects, and apartment design features not ideal once in place.
- When asked if there was anything that they would have considered in hindsight before purchasing, the most mentioned responses included the challenges of living

in a strata scheme, aspects of apartment design (including acoustics, parking, shared walls, and storage), and construction quality/building defects.

3. Interview Insights

Analysis of 17 interviews with owner-occupiers highlights five factors that influence apartment building perceptions and final choice:

- 1) Apartment living was a preference across life stage and household composition: Drivers include preferred location, proximity to transport and services, lifestyle affordances, and convenience.
- 2) Some building design features make medium-high density more comfortable: Commonly mentioned features included view and outlook, separation distance between buildings, and green spaces (for both outlook, and a place to be in).
- 3) Smaller buildings were chosen for a greater sense of community: Two-thirds of the owners interviewed purchased into medium density buildings, and many explained that they had chosen a smaller building for a greater sense of community.
- 4) Building age is associated with build quality: Purchasers were cautious when it came to considering new buildings, citing media coverage and market awareness of high-profile apartment defects.
- 5) Governance risks vary with scheme size: Interviewees identified different perceived risks of buying into smaller or larger strata schemes. This choice impacts decision-making processes and ongoing costs.

METHODOLOGY

1. Overview

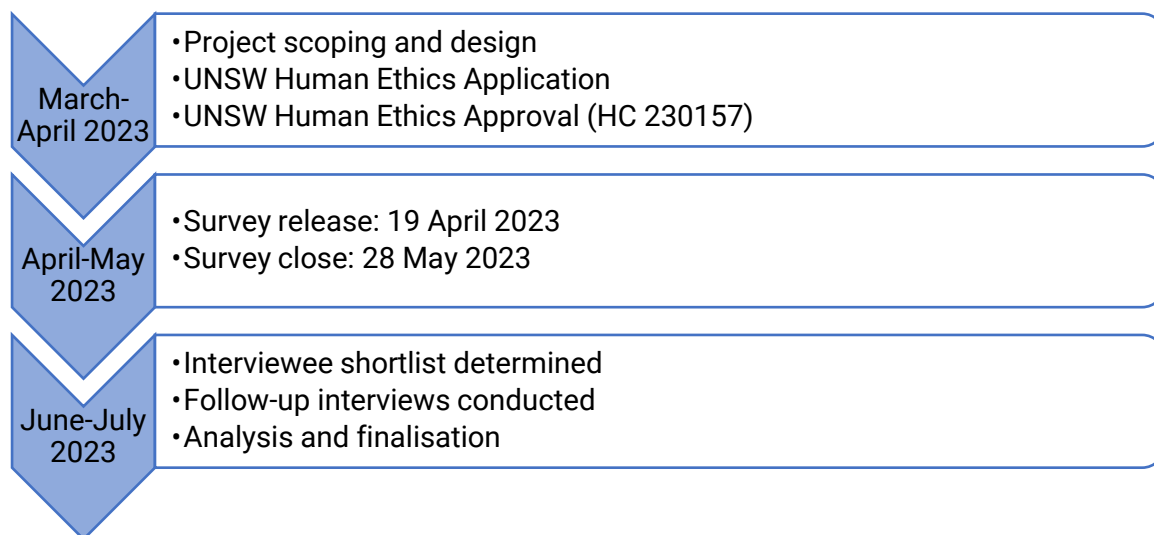
Two methods were used to investigate the references and perceptions of recent apartment purchasers:

- 1) NSW-wide survey of apartment owners
- 2) Follow-up semi-structured interviews with apartment owners

This project design was approved by UNSW Human Ethics on April 11 2023 (HC approval number HC230157).

The project ran from March-July 2023. A simplified timeline of the methodology stages is shown below as Figure 1.

Figure 1. Simplified Project Timeline



2. NSW-Wide Survey of Apartment Purchasers

2.1 Survey Design

The survey was designed to focus on three phases of apartment purchase: 1) pre-purchase preferences, 2) choices when selecting an apartment building to buy into, and 3) perceptions once owners had purchased. The survey targeted both owner-occupiers and investor-owners.

To be eligible for the survey, respondents had to:

- Be over the age of 18,
- Own an apartment in NSW that they purchased in the last 10 years (2013-2023).

Eligibility questions about apartment ownership and year purchased screened out ineligible respondents.

Survey themes were developed in discussion with Government Architect NSW. Government Architect NSW were given the opportunity to review and provide comment on a draft of the survey questions.

2.1.1 Survey Theme 1: Pre-purchase preferences

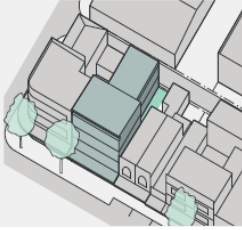
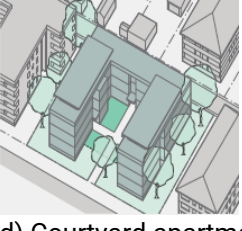
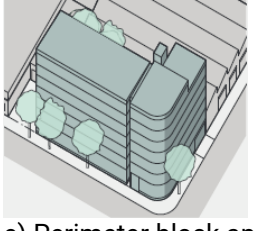
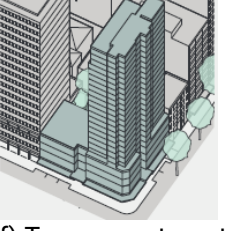
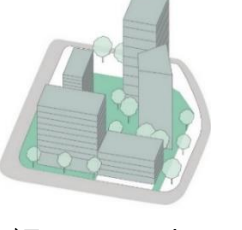
The first set of questions asked about the preferred size, age, and type of building people were looking for:

Building/Development Size: By preferred number of apartments (range from less than 10 to more than 100).

Building/Development Age: By preferred building age (range from less than 5 years to more than 50 years old).

Building/Development Type: By preferred building type. Respondents were provided with a series of apartment building types based on the apartment typologies outlined in the NSW Department of Planning, Industry and Environment's 2021 Draft Apartment Design Guide. To capture a broader range of height, bulk and scale preferences an additional building typology, 'tower complex apartments', was also included (Figure 2).

Figure 2. Building type options (text and graphics) provided to survey respondents. Source: a) to f) NSW Department of Planning, Industry and Environment (2021) Draft Apartment Design Guide Appendix 8: Typologies (Apartment Building Types), g) provided by Government Architect NSW

 a) Narrow infill apartments: freestanding buildings, generally 3-8 floors, in suburban areas	 b) Row apartments: small number of units arranged around a core, in an urban/suburban context	 c) Shop-top apartments: mixed use, generally 3-8 floors, in suburban centres/main streets with a retail/commercial ground floor
 d) Courtyard apartments: buildings in a 'C', 'U', 'H' or 'O' shape around a courtyard, generally 3-6 floors, in suburban/urban areas	 e) Perimeter block apartments: long rectangular plans parallel to the street, generally 4-8 floors, in urban areas	 f) Tower apartments: generally over 9 storeys (or 4-8 storeys combined with a podium), mixed use, in urban areas.
 g) Tower complex apartments: group of tower apartments built by same developer, with shared facilities, in urban areas	Other: please describe	

2.1.2 Survey Theme 2: Selection

Questions were designed to ask owners about the building design features that they viewed as most important when purchasing, and if they considered a selection of strata scheme features.

We asked owners about their perspectives on the importance of a selection of building features and whether they considered attributes of the strata scheme.

Building Design Features: *On a scale between important and not important, how important were the following building design features to you when you bought your apartment?*

- Number of storeys/floors
- Number of apartments in the building
- Accessibility features
- Building materials used
- Indoor communal spaces (e.g. meeting/social room)
- Outdoor communal spaces (e.g. green space, seating, barbecues)
- Facilities for residents (e.g. gym, pool, sauna, concierge)
- Energy efficient design features (e.g. solar, rainwater tanks, EV charging)
- Other

Other Building Attributes: *We are also interested in other aspects you may have considered when purchasing your apartment. Please choose one option for each feature in the carousel below (considered / didn't consider / not applicable).*

- Size of the strata scheme
- Balance of owner occupiers and investor owners
- Strata fees (levies)
- Financial health of the strata scheme
- Maintenance and repair of shared facilities and amenities
- Scheduled/upcoming maintenance and repair costs
- The life of the building (i.e. how long it will last, can it be adapted for future use)
- Energy efficient design features (e.g. solar, rainwater tanks, EV charging)
- Other

2.1.3 Survey Theme 3: Post-purchase perceptions

The final set of questions asked owners to reflect on their perceptions of their apartment, the building, and the strata scheme after purchase. Questions asked owners to consider four aspects:

- Building type purchased, and reasons why
- Ability for buyers to find what they were looking for
- Level of satisfaction with purchase, and reasons why
- Hindsight – anything that purchasers would have considered.

2.2 Recruitment

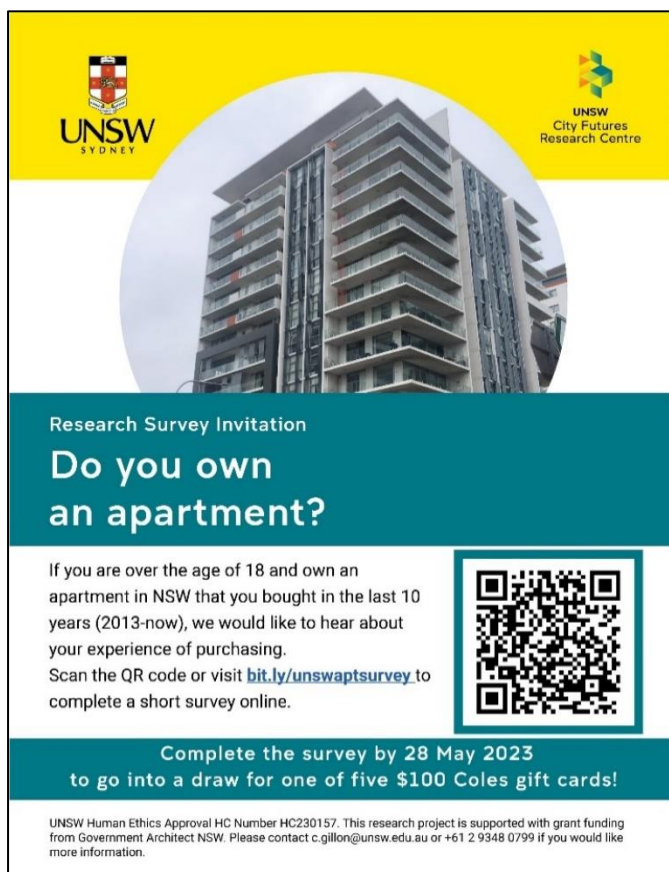
The survey was hosted on UNSW's Qualtrics platform and went live on 19 April 2023. The survey was open for 6 weeks and closed on 28 May 2023.

Leading organisations representing the strata sector – strata owner advocacy organisation Owners Corporation Network and strata industry peak organisation Strata Community Association (NSW) – advertised the survey to their respective members through monthly newsletters and social media during the survey period. The survey was also circulated via the City of Sydney apartment owners email network, and email subscribers to the Flat Chat website, a leading source of news and information for strata owners and residents.

In addition, hard copy flyers were distributed to library branches and public noticeboards in 16 Local Government Areas (LGAs) across metropolitan Sydney, targeting LGAs with a higher proportion of apartment dwellings¹ (Figure 3).

The survey was also promoted through the LinkedIn and Twitter accounts of the UNSW City Futures Research Centre. LinkedIn posts made over 700 impressions and the posts were re-shared over 20 times by staff and page followers.

Figure 3. Hard copy flyer circulated to libraries and public noticeboards.



¹ LGAs where more than 30% of dwellings are apartments (ABS 2021) targeted in metropolitan Sydney included Bayside (54%), Burwood (51%), Canada Bay (54%), Canterbury-Bankstown (30%), Cumberland (33%), Georges River (37%), Inner West (44%), Lane Cove (58%), Mosman (54%), North Sydney (77%), Northern Beaches (34%), Parramatta (50%), Randwick (58%), Ryde (47%), Strathfield (62%), Sydney (79%), Waverley (66%), Willoughby (49%) and Woollahra (57%).

2.3 Data cleaning

The survey received 936 responses. To remove fraudulent or invalid responses, the following rules were applied to clean the dataset:

- Answer to 'what suburb do you live in' question: many fraudulent responses had written a suburb that was not in New South Wales.
- Answer to 'X floor of Y floors' question: the survey asked respondents to answer the question: 'What floor do you live on? Please write your answer as X floor of Y floors'. Bot responses were not able to answer this question logically.
- Open responses that did not make sense or were repeated across multiple open response questions, suggesting that answers were being copied and pasted.
- Qualtrics bot detection features: ReCAPTCHA score of less than 0.5; Duplicate score of greater than or equal to 75; Fraud score of greater than or equal to 30; If a 'last start date' was TRUE (1), it was considered a duplicate and removed.
- Removed if finished less than 50% of the survey questions.
- Consider removal if time taken to respond is much faster than expected 10 minutes (i.e. less than 5 minutes).
- Consider removal if email contact details for survey prize draw and follow-up interviews appeared invalid.

After cleaning, the final sample was 260 valid responses. Based on a population of 1,287,377 private apartment residents in NSW², this is a margin of error of 6.1% at 95% confidence.

2.4 Analysis of final sample

2.4.1 Decision to focus on owner-occupiers

Approximately 80 percent of the 260 valid responses were owner-occupiers (n=210). The decision was made to focus reporting on owner-occupier responses only. Owner-occupiers make up approximately 30 percent of apartment residents in New South Wales³. Tightening the focus on owner-occupiers is valuable in answering the research questions as these perspectives show the priorities of purchasers that are buying an apartment to live in.

The preferences of investor owners cannot be adequately reported on in this study due to available collected data (n=50). A focus on investor owner preferences would be beneficial further research, as these preferences have impacts on available apartments in the rental market.

2.4.2 Determining representative sample

2021 ABS Census data was analysed to determine how representative the collected sample was of owner-occupiers in apartments in New South Wales. The population analysed was defined by the following Census attributes:

² Easthope et al (2023) *Australasian Strata Insights 2022*. City Futures Research Centre: UNSW Sydney. <https://cityfutures.adg.unsw.edu.au/2022-australasian-strata-insights/>

³ Easthope et al (2023).

- Dwelling Structure: Flat or apartment in a one or two storey block, Flat or apartment in a three storey block, Flat or apartment in a four to eight storey block, Flat or apartment in a nine or more storey block
- Tenure Type: Owned outright, Owned with a mortgage
- Family Household Composition: Family composition classified at a 2-digit level, attributed to household categories provided in the survey (Single person, Single parent family, Couple family with no children, Couple family with children, Share Home, Living with other family members, Other)
- Location: Residents in New South Wales, classified by Local Government Area (attributed to NSW Planning Regions)
- Age Range: Age in Five Year Groups.

Respondent characteristics of the owner-occupiers surveyed are representative of owner-occupied apartment households in New South Wales by location, age, household composition, and number of storeys.

2.4.3 Analysis of responses

For the purposes of this report, analysis was filtered by tenure type (owner-occupiers only).

Descriptive statistics (frequencies, percentages) were run for closed response questions. Open survey responses were coded thematically to draw out key factors that influenced purchaser decision-making. Open response questions related to the following survey questions:

- Why: size preference
- Why: age preference
- Why: building type purchased
- Why: level of satisfaction
- Hindsight

Open responses were coded exhaustively (i.e. open responses that discussed multiple elements were coded as many times as was relevant). Findings from the open response questions are reported in order by the number of times that a reason was mentioned. For some open response answers, mentions were grouped to provide more targeted insights: reasons why people preferred newer or older buildings when looking to buy an apartment, and reasons why people were satisfied or unsatisfied with their final purchase.

3. Follow-up Interviews

3.1 Design

Interviews were semi-structured, guided by a question set covering three themes: initial apartment preferences, weighing up pros and cons when purchasing, and perceptions after making an apartment purchase.

Interview questioning also drew on individual survey answers. Interviewees were reminded of their survey answers in the interview, and then asked follow-up questions to expand on and clarify their responses.

3.2 Recruitment

Interview participants were recruited from 150 survey respondents that opted in to share their contact details for a follow-up interview (150 of 260 responses, 58 percent).

A shortlist of 30 respondents was determined, using a matrix across selected demographic and apartment building characteristics. The intention was to collect a variety and diversity of experiences across demographic and apartment building characteristics (Table 1).

Table 1. Characteristics used to select a shortlist of interview participants.

CHARACTERISTIC	COVERAGE FROM INTERVIEW SAMPLE
1) Building Type	Tower (n=5), Courtyard (4), Narrow Infill (4), Perimeter Block (3), Tower Complex (1), Row (1), Shop-Top (1), Other (1)
2) Owner Type	Owner Occupier (17), Investor Owner (3)
3) Satisfied Purchase	Satisfied (13), Unsatisfied (6), Neutral (1)
4) Size Of Building	Low Rise <4 storeys (7), Medium Rise 4-8 storeys (6), High Rise >9 storeys (7)
5) Age Of Building	Less than 10 years (5), 10-20 years (4), More than 20 years (11)
6) Location⁴	Inner Sydney (7), Greater Sydney (6), Regional Centre (6), Regional (1)
7) Age Of Owner	19-34 (6), 35-64 (9), 65+ (5)
8) Gender	Female (10), Male (10)

The 30 shortlisted apartment owners were approached by email in late June and early July. 20 owners from this shortlist agreed to take part within the research window (Table 2).

3.3 Data Collection

All 20 interviews were conducted in July 2023. Interviews were facilitated online using Microsoft Teams. Interviews ran for 30-40 minutes and discussed three themes: apartment preferences, pros and cons when purchasing, and perceptions after apartment purchase. A set of common interview questions was used to guide the interview, with additional talking points informed by survey answers.

⁴Location defined as: Inner Sydney – suburbs in the Eastern City District and North District; Greater Sydney – suburbs in the Central City, Western City, and South Districts; Regional Centre – suburbs in the Central Coast, Illawarra and Hunter Regions; Regional – suburbs in the North Coast, South East and Tablelands, Riverina, New England and North West, Central West, and Far West Regions.

Interview recordings were then transcribed, and then de-identified by owner type and order interviewed (i.e. Owner-Occupier 1-17, Investor-Owner 1-3).

Table 2. Characteristics of interview participants.

ID	DEMOGRAPHICS	FINAL PUR TYPE
I01	Male, 65+, Regional Centre, Dissatisfied, Narrow Infill Apartment Building, less than 4 storeys, building age 20+ years	Infill
I02	Male, 65+, very satisfied, Inner Sydney, Tower Apartment Building, 9 or more storeys, building age under 5 years	Tower
I03	Male, 35-64, very satisfied, Inner Sydney, Tower Apartment Building, 9 or more storeys, building age 10-20 years	Tower
001	Male, 35-64, Regional Centre, Very Satisfied, Row Apartment Building, 4-8 storeys, building age 20+ years	Row
002	Male, 65+, Regional, very satisfied, Courtyard Apartment Building, 4-8 storeys, building age 10-20 years	Courtyard
003	Female, 19-34, Regional Centre, Dissatisfied, Narrow Infill Apartment Building, 4-8 storeys, building age 20+ years	Infill
004	Male, 19-34, Regional Centre, Very dissatisfied, Narrow Infill Apartment Building, less than 4 storeys, building age 20+ years	Infill
005	Female, 19-34, Inner Sydney, Very Satisfied, Courtyard Apartment Building, 4-8 storeys, building age 20+ years	Courtyard
006	Male, 35-64, Regional Centre, very satisfied, Perimeter Block Apartment Building, 4-8 storeys, building age 10-20 years	Perimeter Block
007	Female, 35-64, Greater Sydney, Neutral, Tower Apartment Building, 9 or more storeys, building age 20+ years	Tower
008	Female, 35-64, Inner Sydney, very satisfied, Other (apartment complex), under 4 storeys, building age 20+ years	Other (low density complex)
009	Male, 35-64, Inner Sydney, very satisfied, Perimeter Block Apartment Building, 4-8 storeys, building age less than 5 years	Perimeter Block
0010	Female, 35-64, Greater Sydney, Dissatisfied, Tower Apartment Building, 9 or more storeys, less than 5 years	Tower
0011	Male, 65+, Inner Sydney, Satisfied, Tower Complex Apartment Building, more than 9 storeys, building age 10-20 years	Tower Complex
0012	Female, 19-34, Greater Sydney, very satisfied, Perimeter Block Apartment Building, 9 or more storeys, building age under 5 years	Perimeter Block
0013	Male, 35-64, Regional Centre, Very satisfied, Shop-top Apartment Building, under 4 storeys, building age 20+ years	Shop-top
0014	Female, 19-34, Inner Sydney, Very dissatisfied, Courtyard Apartment Building, under 4 storeys, building age under 5 years	Courtyard
0015	Female, 65+, Greater Sydney, Dissatisfied, Tower Apartment Building, 9 or more storeys, building age 20+ years	Tower
0016	Female, 19-34, Greater Sydney, satisfied, Narrow Infill Apartment Building, under 4 storeys, building age 20+ years	Infill
0017	Female, 35-64, Greater Sydney, Satisfied, Courtyard Apartment Building, under 4 storeys, building age 20+ years	Courtyard

3.4 Analysis of interview data

The 20 interview transcripts were analysed thematically to determine broad themes related to apartment choice and perceptions. A longlist of broad themes was generated decided upon based on level of interview coverage and contribution to the survey findings.

A selection of indicative interview quotes from owner-occupiers (n=17) were chosen to illustrate the discussion of themes in this report.

Quotes are attributed to participants in reporting using the following characteristics:

ID (Gender, Age Range, Location, Level of Satisfaction with Purchase, Building Type, Number of Storeys, Building Age)