

Developers eye airspace above strata buildings as owners tap into the \$100bn market



[Warren Livesey is the boss of Buy Airspace.](#) Picture: Britta Campion / The Australian

Eight owners of a Sydney apartment block recently banded together to sell off the airspace above their building for almost \$1m and the idea is catching on.

Rooftop property development specialist Warren Livesey estimates the airspace above strata unit blocks in Australia is an untapped \$100bn plus market.

He has been selling Sydney strata rooftops and other unused space since 2008 through his business Buy Airspace and calls the deals a win-win for all parties.

He negotiated the deal for owners of the apartment block in Sydney's eastern suburbs to sell their roof space to a developer for about \$900,000 subject to council approval.

A development application for a roof top apartment will soon be lodged with the local council and the sellers plan to use the funds to repair and upgrade their building and split the remainder between them.

For Mr Livesey utilising airspace was an idea whose time has well and truly arrived.

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“There are millions of people coming to Australia and we just don’t have the housing. Ultimately by utilising airspace we are creating additional development sites in and around existing infrastructure,” he said.



[Warren Livesey at Bronte beach in Sydney's eastern suburbs. Picture: Britta Campion / The Australian](#)

“Council has been required to increase the number of dwellings in and around Sydney to facilitate the immigration demand for housing.”

In property law a landowner may own both the physical land described on the title as well as the air rights above the physical land. This principle is based on the Latin maxim “cujus est solum ejus est usque ad coelum et ad inferos,” which loosely translates to “whoever’s is the soil, it is theirs all the way to Heaven and all the way to hell.”

However, there are limitations about what an owner can do with airspace according to council and planning laws. Importantly, a new title must be created for the roof airspace to be sold.

So using airspace in property terms can cover everything from housing extensions to buying the roof space of a neighbour’s property to secure a view or strata apartment owners banding together to sell rooftop airspace to a developer.

Focused on the strata market, Mr Livesey said Australia was well behind Europe in taking advantage of property air rights and unlocking their development potential.

“My guesstimate is that of the \$1 trillion worth of strata buildings in Australia about 10 per cent of that would have unused space and that would be worth more than \$100bn,” he said.

“But selling and developing airspace is not really happening in Australia yet. I have plenty of investors and developers interested but it’s actually just a case of getting in front of all the different strata owners and educating them that they can sell their roof top for \$1m if they are able to develop it.”

Importantly, selling unused roof space is at times the last option for desperate apartment owners of older buildings because they can't afford the upkeep and they need funds to upgrade.

“That’s the whole reason behind this really,” Mr Livesey said.

“People can’t afford the upkeep of these strata apartment blocks which are basically falling apart and this is where people need a capital expenditure plan and there are three ways to do that - increase their quarterly levy, have a special levy or the third is to sell off the common property of the strata and that’s usually roof space.”



[An artist's impression of the finished Skye Tamarama.](#)

A Sydney rooftop cause célèbre was the long battle to develop and sell two rooftop apartment penthouses on top of a seven-level 1960s building that is now called Skye Tamarama.

The saga began in 2011 when the building was served with numerous fire orders and found to be riddled with concrete cancer. Some of the owners came up with a plan to build penthouses and sell them to pay for a major upgrade – but faced four years of opposition from other owners. The project was eventually given the go-ahead in 2016.

The penthouses are almost completed and now on the market with expectations they will each sell for well over \$20m. their sale finance the renovation and refurbishment of the entire 78-apartment block.

Buxton Hampton East director Noel Susay who operates in Melbourne’s Bayside said the airspace market was small but slowly emerging.

“It’s still very much a niche market in Melbourne and has been quite rare but it’s growing in momentum,” he said.

“It really depends on what sort of asset you have and who owns the property below.

“It’s going to be more common with older buildings, especially around shopping precincts because of zoning.

“The way to look at it is that in the past people were selling their backyards and no they may be looking at their rooftops. We’re not running out of land but Australia is becoming more dense. Councils are encouraging people to live closer to train stations.”

Mr Susay said while more complicated, it makes economic sense from both the buyer as a cheaper option and the seller who is realising their little thought of asset.

“To buy a good two-bedroom apartment on Hampton St, Hampton, you would be looking at about \$1m. To buy the rooftop air space you would be looking at \$100,000 to \$120,000 and to build a two-bedroom apartment it would cost \$300,000,” he said.

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