

Apartment.

FROM NATIONAL
UNCERTAINTY TO A
STRONG RESIDENTIAL
MARKET GAINING
MOMENTUM.



In this edition of **Apartment**, Place Advisory reviews the year that was, **critiques predictions and forecasts** Brisbane's property market for 2021. We uncover the **strongest prospects for purchasing** a reasonably priced home amidst inner Brisbane's price shift, and we identify the **top performing Brisbane suburbs** of the decade.

WHO IS PLACE ADVISORY?

AS SOUTH-EAST QUEENSLAND'S LEADING OFF-THE-PLAN APARTMENT MARKETING COMPANY, WE ARE CONSTANTLY MONITORING THE PROPERTY MARKET AND ANALYSING TRENDS, NEW PROPERTY DEVELOPMENTS AND ALMOST EVERYTHING PROPERTY RELATED.

At Place Advisory, we understand the importance of ongoing market research. We employ in-house full-time researchers, so we can retain and have easy access to all of the information we gather. By providing our clients with accurate, up-to-date research, it ensures they can make informed, financially sound business decisions. It enables us to identify opportunities for our clients, provide advice on choosing the best available sites and create the optimal package for each project. We can then provide qualified recommendations on the product mix, positioning, design, finishes and price.

Access to such comprehensive buyer information also enables us to identify early market trends. Our in-depth local market knowledge can help you develop a product that will yield greater returns, experience faster sales, and achieve the best financial result.

Our main aim of "Apartment" is to continue to provide meaningful insights into the new apartment market and social trends throughout the Brisbane area.



Brisbane's Residential Market – A Year in Review.

An extraordinary year marred by unparalleled abnormalities, but remarkable outcomes for the Brisbane residential property market, 2020 can only be described as rare. Rare in the sense that in the wake of Australia's first recession in almost 30 years, the Brisbane housing market not only displayed resilience, but performed to a level where it now bodes as one of the nation's strongest residential markets.

National economic uncertainty peaked in early March, following the establishment of heightened Covid-19 restrictions. It was predicted that property markets would suffer nationwide, and the impacts would cripple the sector for years to come. A year on, we now find that the dire predictions of experts have not rung true for Brisbane, as demand for property in the region continues its record surge.

Originally, it was believed that demand within the Brisbane market would be dramatically disrupted, as consumer sentiment took a substantial blow, owing to the snap increase in unemployment and economic skepticism. However, time has revealed that the culmination of record-low interest rates, substantial economic stimulus and Queensland's ability to contain the virus in comparison the other states, saw Brisbane's market quickly readjust. The recovery was further reinforced by a record spike in interstate migration, which has seen dwelling prices boom and vacancy rates reach an historical low, as stock continues to rapidly decrease across the region.

Brisbane unit values displaying resilience and holding their value amidst the pandemic was a major theme across previous Apartment issues. This prediction has more than substantiated, as unit values grew by 1.4 per cent over the year. An exceptional result considering the frequent border closures, and when compared to Sydney and Melbourne markets where unit values declined by 0.9 and 0.2 per cent respectively, from pre-pandemic levels.

Alongside the perceived lifestyle benefits, Brisbane's desirability was further enhanced by its residential market performance. Major infrastructure spending and the house price boom (which characteristically piggy backs unit prices), increased market activity, particularly in the back half of 2020. The momentum generated record interstate migration further increased demand for owner-occupier stock, as migrants from southern states sought out residences to live in. Unsurprisingly, this has lured investors out from their hiatus, as the prospects of profitability within Brisbane's property market and the easiest investment lending conditions in recent history became too compelling to ignore.

For 2021, we expect many of the themes we saw in the final quarter to continue and Brisbane residential property to maintain its steady growth. Increasing demand and diminishing stock within the house and the owner occupier unit market is expected to continue. However, replenishment of unit stock is on the horizon, as many developers withheld project launches amidst unpredictable economic conditions of 2020. Finally, an effective national vaccine rollout should play its part in keeping state borders open, supporting interstate migration, and further driving demand.

88 BURLEIGH

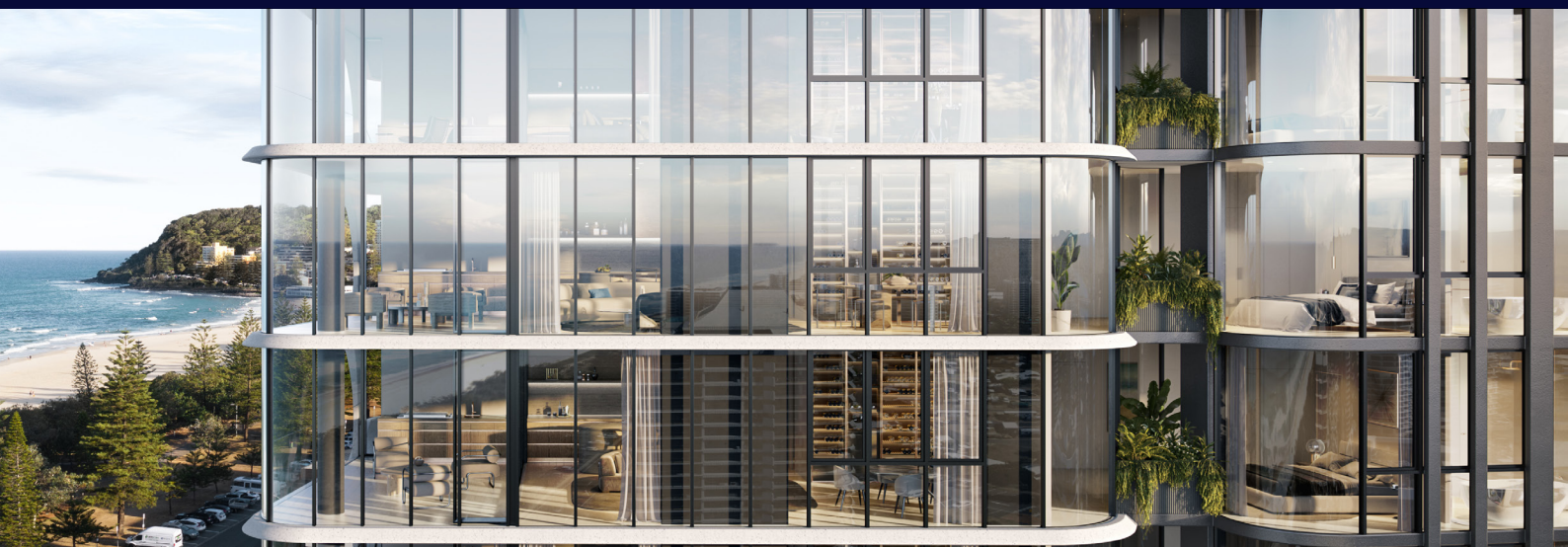


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INNER CITY APARTMENTS MARKET REPORT OCTOBER – DECEMBER 2020

STOCK DWINDLES AS THREE-BEDROOM SALES SURGE

138 unconditional transactions were recorded for the December Quarter 2020, totalling approximately \$121 million worth of apartment sales.

The Brisbane off-the-plan and new apartment market suffered amid the early stages of the pandemic, as external forces placed pressure on sales statistics, owing to an unparalleled level of economic uncertainty. However, in correlation with the wider Brisbane residential market, the Brisbane off-the-plan market has also recovered from the early pandemic blip. Regathering momentum to post 138 sales over a period where few new projects entered the market.

Given current market conditions, it was expected that the December 2020 quarter would see the new and off-the-plan market recover to the pre pandemic level. However, the quarter did uncover some telling signs relating to demand and buyers desired configuration type within the market.

Once again, demand for three-bedroom apartments rose to unseen heights. After accounting for an astonishing 25 per cent of all sales in the September quarter, this figure has further risen to occupy 35 per cent of inner Brisbane sales. For context, three-bedroom sales only accounted for 12 per cent of sales in the December 2019 quarter, at a time where stock was at full complement. Furthermore, sales over \$1 million accounted for 47 per cent of the new and off-the-plan sales over the quarter. A staggering amount considering sales over \$1 million only made up 14 per cent of sales in the final quarter of 2019. In turn, this shifted the weighted average price to the greatest value in history at \$873,000.

The uptake of one-bedroom configurations again remained low, only netting 12 per cent of all sales. Whereas two-bedroom purchases remained prevalent, accounting for 52 per cent of sales, on trend with previous periods.

The uptake of three-bedroom configurations at the upper-price bands can be attributed to the demand for higher-end, quality apartments, suitable for owner-occupiers. A shift that has most likely materialised on the back of the unprecedented surge of interstate migrants presumably purchasing apartments to live in, and investors identifying the value proposition that these apartments currently present and reentering the market.

Given 87 per cent of new and off-the-plan apartment stock across Brisbane has now sold, and very few new projects entered the Brisbane market throughout 2020, it's positive to see an increase in sales activity. Importantly, the majority of transactions over the period were in projects under construction or in the presale phase, speaking to the increase consumer sentiment and confidence to purchase off the plan. The shortage of stock coupled with the increase in sentiment has seen demand catch up with supply, posing positive prospects for developers releasing projects in the new year.

When comparing the December 2020 quarter to the sale figures 12 months prior, it wasn't shocking to find the December 2019 quarter outperformed by 22 sales. However, sales for the December 2019 quarter were bolstered by stronger supply and stable economic conditions. The shift in demand for higher quality apartments in the December 2020 quarter is strikingly evident when compared to a year earlier, as the weighted average price and demand for 3-bedroom apartments increasing by 16 per cent and 22 per cent, respectively.

It's evident the impact of the pandemic shaped the poor transaction results for the Brisbane off-the-plan and new apartment projects during the middle of the year. However, Brisbane's market has now more than recovered. We expect the increase in supply, the interstate migration boom, and the wealth creation opportunities the Brisbane market exhibits to culminate into increased sales and strong performances by projects in the new year.

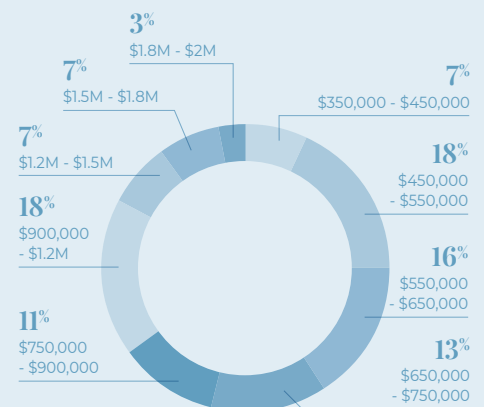
SUMMARY

- 138 unconditional sales occurred during the December quarter 2020. This is 22 sales lower than the same period 12 months prior.
- The weighted average sale price for the December quarter 2020 was recorded at \$873,000 - 16% higher than 12 months prior.
- "The Sinclair" in East Brisbane was the standout performer for the quarter, recording 20 unconditional apartment sales – the highest result of any development.
- During the December quarter 2020, the majority of apartments sold unconditionally were in two-bedroom configurations, accounting for 52% of all sales for the quarter. Three-bedroom apartments accounted for 35% of sales, while one-bedroom apartments accounted for a further 12% of new apartment sales. The remaining consisted of four-bedroom and unique apartments.
- The \$450,000 to \$550,000 and \$900,000 to \$1,200,000 price brackets were the most

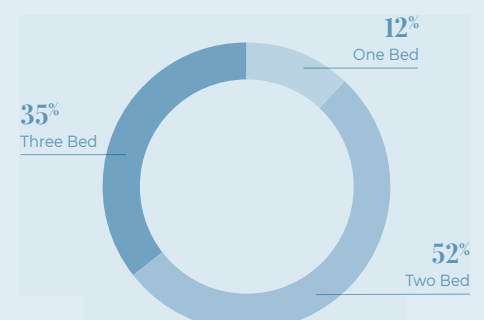
common for new apartment sales during the December 2020 quarter, each individually accounting for 18% of sales. This was followed by the \$550,000 to \$650,000 price bracket which accounted for a further 16% of sales.

- There are currently 957 new apartments available for sale throughout Inner Brisbane which is 11% lower than the previous quarter.
- With few new developments entering the marketplace, the proportion of new apartments that have now completed construction has reached at 80%. Higher compared to the 66% development completion status at same period 12 months prior.
- Remaining supply consists primarily of two-bedroom apartments, which accounts for 49% of all remaining new apartments. One-bedroom apartments account for a further 30%, whilst three-bedroom apartments account for a further 12% of remaining new apartments. The remaining are four-bedroom and penthouse apartments.

UNCONDITIONAL SALES BY PRICE POINT



UNCONDITIONAL SALES BY CONFIGURATION



CBD PRECINCT

Developments in the CBD precinct are 89% sold.

Sales volumes for the CBD precinct recorded a total of 21 unconditional new apartment sales for the December quarter. Demand was primarily for two-bedroom apartments in the \$900,000-\$1,200,000 and \$1,500,000-\$1,800,000 price brackets.

- Mary Lane was the strongest performer within the CBD precinct, recording a total of 12 unconditional new apartment sales.
- There are currently only 190 new apartments available for purchase throughout the CBD precinct.
- Most of the remaining supply is in two-bedroom configurations, accounting for 54% of all new apartment supply in the CBD precinct. One-bedroom configurations account for 22% of remaining stock, with a further 17% owing to three-bedroom configurations. The remaining is made up of four-bedroom apartments and a single penthouse in 433 Queen.
- Of all new apartment buildings in the CBD precinct, only 443 Queen is yet to complete construction. This development is due to for completion in December 2021 and is currently 78% sold.

| DEVELOPMENT | SUBURB | STATUS | TOTAL UNITS | SOLD | AVAILABLE FOR SALE | DEC QTR 2020 |
|----------------|--------|--------------------|-------------|-------------|--------------------|--------------|
| The Midtown | CBD | Completed | 144 | 132 | 12 | 0 |
| Skytower | CBD | Completed | 1092 | 1011 | 81 | 0 |
| 443 Queen | CBD | Under Construction | 264 | 208 | 56 | 9 |
| Mary Lane | CBD | Completed | 184 | 143 | 41 | 12 |
| OVERALL | | | 1684 | 1494 | 190 | 21 |

NORTH OF THE RIVER

Only 8% of new apartment supply North of the River remains.

The North of the River precinct has recorded 57 unconditional new apartment sales for the December 2020 quarter at an average weighted sale price of \$792,000.

- "Aura" in Milton recorded the most unconditional sales for the quarter with 15 transactions recorded.
- Of the 57 unconditional new apartment sales. The majority of these sales were within the \$450,000 to \$550,000 price bracket, accounting for 31% of sales.
- At the end of the December 2020 quarter, there were 222 new apartments remaining available for sale throughout the North of the River precinct.
- The majority of demand North of the River was for two-bedroom configurations, this accounted for 57% of sales. This was followed by three bedroom at 28% and one-bedroom at 13%.
- At present, 87% of new supply in the precinct has completed construction. Additionally, only 8% of the total new apartment supply to the North of the River Precinct remains available for purchase.

| DEVELOPMENT | SUBURB | STATUS | TOTAL UNITS | SOLD | AVAILABLE FOR SALE | DEC QTR 2020 |
|-------------------------|------------------|--------------------|-------------|-------------|--------------------|--------------|
| Belise | Bowen Hills | Completed | 230 | 209 | 21 | 0 |
| The Yards | Bowen Hills | Completed | 401 | 334 | 67 | 1 |
| Mode | Newstead | Completed | 158 | 158 | 0 | 1 |
| Alcyone Residences | Hamilton | Completed | 228 | 207 | 21 | 0 |
| Utopia Space | Fortitude Valley | Completed | 300 | 261 | 39 | 7 |
| Gallery House - Stage 1 | Hamilton | Completed | 167 | 163 | 4 | 2 |
| Gallery House - Stage 2 | Hamilton | Completed | 148 | 131 | 17 | 7 |
| Chester Apartments | Newstead | Completed | 170 | 161 | 9 | 2 |
| Anthology | New Farm | Under Construction | 26 | 24 | 2 | 3 |
| Ella Apartments | Newstead | Completed | 149 | 134 | 15 | 4 |
| Nero | Newstead | Completed | 108 | 107 | 1 | 1 |
| 38 High St | Toowong | Completed | 136 | 127 | 9 | 0 |
| Illumina | Toowong | Completed | 224 | 223 | 1 | 1 |
| White Dawn | Toowong | Completed | 60 | 57 | 3 | 0 |
| The Patterson | Toowong | Under Construction | 62 | 61 | 1 | 13 |
| Aura | Milton | Under Construction | 82 | 70 | 12 | 15 |
| OVERALL | | | 2649 | 2427 | 222 | 57 |

SOUTH OF THE RIVER

Two-bedroom and three-bedroom apartments both accounted for 42% of sales.

During the December 2020 quarter, the South of the River precinct recorded 60 uncondoned transactions. Demand primarily sat in the \$900,000 to \$1,200,000 range, as the weighted average sale price increased to \$818,000.

- "The Sinclair" was South of the River's best performer with 20 unconditional off-the-plan apartment sales. This development totaling 122 apartments now has 2 apartments remaining available for purchase.
- Two-bedroom and three-bedroom apartments, both accounted for 42% of new and off-the-plan sales south of the river.

One-bedroom apartments accounted for another 15% of sales.

- The most common price brackets were \$900,000 to \$1,200,000 and \$550,000 to \$650,000, accounting for 25% and 20% of total sales, respectively.
- Remaining stock is mostly made up of two-bedroom apartments, accounting for 47% of remaining stock. One-bedroom apartments accounted for 32%, as three-bedroom configurations make up 12% of the remaining new apartment supply.
- Of all new apartments in the South of the River precinct, approximately 80% have now completed construction.

There are currently 545 new apartments remaining for sale throughout the South of the River precinct.

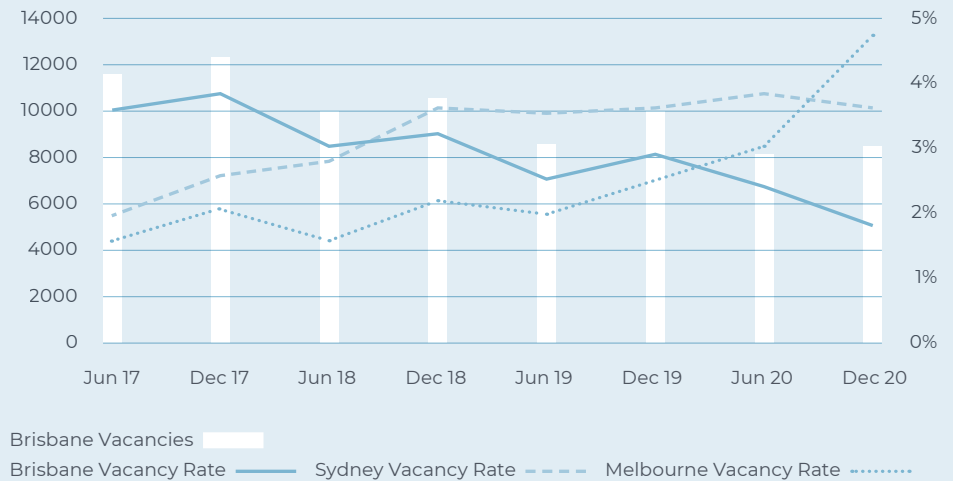
- There are currently 20 new apartment buildings in the South of the River precinct with apartments available for purchase. Of these, several are close to selling out, with 9 developments having 10 apartments or less available for sale.

| DEVELOPMENT | SUBURB | STATUS | TOTAL UNITS | SOLD | AVAILABLE FOR SALE | DEC QTR 2020 |
|------------------------------------|----------------|-----------------------|-------------|-------------|--------------------|--------------|
| Atlas | South Brisbane | Completed | 210 | 176 | 34 | 3 |
| Brisbane 1 | South Brisbane | Completed | 608 | 361 | 247 | 6 |
| Citro | West End | Completed | 106 | 69 | 37 | 0 |
| Encore | West End | Completed | 60 | 57 | 3 | 8 |
| INK | West End | Completed | 107 | 98 | 9 | 0 |
| Light & Co - Illuminate | West End | Completed | 90 | 87 | 3 | 1 |
| Light & Co - Radiance | West End | Completed | 139 | 138 | 1 | 1 |
| Olympia on Russell | South Brisbane | Completed | 65 | 63 | 2 | 1 |
| West Village Stage 1 | West End | Completed | 324 | 324 | 0 | 3 |
| West Village Stage 2 North Gallery | West End | Completed | 53 | 53 | 0 | 8 |
| Soko Waterfront Apartments | West End | Completed | 120 | 119 | 1 | 0 |
| The Mews | Woolloongabba | Completed | 139 | 123 | 16 | 0 |
| The One West End | West End | Completed | 61 | 46 | 15 | 4 |
| The Standard | South Brisbane | Under Construction | 268 | 260 | 8 | 0 |
| Silk One | Woolloongabba | Awaiting Construction | 173 | 93 | 80 | 0 |
| Linton Apartments | Kangaroo Point | Completed | 154 | 126 | 28 | 0 |
| M Apartments | Kangaroo Point | Awaiting Construction | 46 | 9 | 37 | 5 |
| Lincoln on the Park | Greenslopes | Completed | 93 | 78 | 15 | 0 |
| The Sinclair | East Brisbane | Under Construction | 122 | 120 | 2 | 20 |
| Oxy | Greenslopes | Completed | 60 | 53 | 7 | 0 |
| OVERALL | | | 2998 | 2453 | 545 | 60 |

SPECIAL REPORT

Brisbane by the numbers.

BRISBANE VACANCY RATE COMPARISON



INNER BRISBANE APARTMENT COMPLETIONS (2010 - 2021)



BRISBANE MEDIAN RENTS (2 BEDROOM APARTMENTS - DEC QTR 2020)

| | 2018 | 2019 | 2020 |
|------------------------------------|-------|-------|-------|
| Inner City (0km-2km,GPO) | \$490 | \$500 | \$470 |
| Inner Ring (2km-5km) | \$385 | \$395 | \$390 |
| Middle Ring (5km-20km) | \$355 | \$370 | \$375 |
| Outer Ring (20km-40km) | \$290 | \$290 | \$295 |

BRISBANE BREAKDOWN BY REGION (2 BEDROOM APARTMENTS - DEC QTR 2020)

| | HIGHEST MEDIAN | LOWEST MEDIAN | BEST 5 YEAR AVERAGE ANNUAL GROWTH RATE |
|--------------|-----------------------------|---------------------------|--|
| North | NEW FARM \$965,330 | BOWEN HILLS \$467,637 | WILSTON 7.0% |
| South | HIGHGATE HILL \$863,562 | DUTTON PARK \$418,333 | HIGHGATE HILL 3.1% |
| East | KANGAROO POINT \$880,200 | COORPAROO \$482,482 | BULIMBA 7.4% |
| West | ST LUCIA \$692,894 | AUCHENFLOWER \$505,016 | ST LUCIA 4.4% |



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Affordably Purchasing in Brisbane's Inner Ring.

STRONGEST PROSPECTS FOR PURCHASING A REASONABLY PRICED HOME AMIDST INNER BRISBANE'S PRICES SHIFT.

As Brisbane dwelling prices continue to rise, the options for purchasing an affordable home within five kilometers of CBD have drastically dwindled.

Over the last decade opportunities for entry level buyers and investors to purchase a house in the inner ring have decayed. **In 2011, houses under \$500,000 accounted 15 per cent of inner ring sales.** A decade on and the figure has shriveled, now only accounting for **0.3 per cent of all sales made in 2020.**

For those looking to enter the inner ring market at an affordable price, finding one of the 5 house sales made in 2020 under the 500k mark might prove difficult. However, amidst the Brisbane price shift, the apartment market still presents a variety of options for those looking to buy into the strong prospect of wealth creation that the inner ring has to offer.

For apartments with two or more beds, 47 per cent of Brisbane inner-ring sales were made under the magic \$500k mark in 2020. Of these, the areas with median prices under \$500k included:

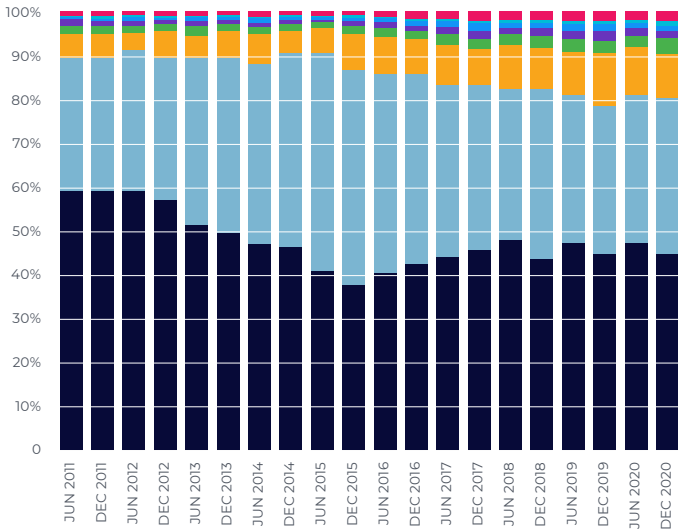
| | |
|---------------|-----------|
| Dutton Park | \$418,333 |
| Greenslopes | \$424,541 |
| Woolloongabba | \$442,797 |
| Bowen Hills | \$467,637 |
| Fairfield | \$468,636 |
| Red Hill | \$474,150 |
| Spring Hill | \$474,708 |
| Kelvin Grove | \$480,270 |
| Coorparoo | \$482,482 |
| Herston | \$488,125 |
| Windsor | \$493,652 |

When looking to purchase a reasonably priced home amidst inner Brisbane's prices shift, **suburbs with the highest yearly growth with an apartment median below \$500k were all on Brisbane's south.** Those being, Dutton Park (11.2%), Greenslopes (6.4%) and Woolloongabba (6.1%).

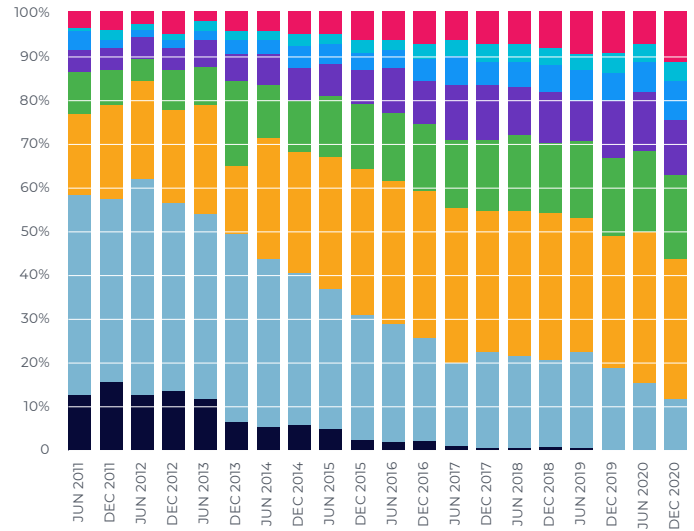
Brisbane's Affordably Comparison.

(Sales by Price Bracket 2011-2020)

APARTMENT PRICE BRACKETS (2+BED) - BRISBANE



HOUSE PRICE BRACKETS - BRISBANE



Less than \$500,000 — \$500,000 to \$750,000 — \$750,000 to \$1,000,000 — \$1,000,000 to \$1,250,000 — \$1,250,000 to \$1,500,000 — \$1,500,000 to \$1,750,000 — \$1,750,000 to \$2,000,000 — At least \$2,000,000

Top Performers – Decade in Review.

The inner-Brisbane suburbs that have generated the highest growth and wealth creation.

Looking to enter the Brisbane apartment market? Take a look at the best performing inner-Brisbane suburbs over the last decade.

AVERAGE ANNUAL GROWTH RATES BRISBANE INNER RING APARTMENTS (2+ BEDROOM)

10 Year

Average Annual Growth

| | |
|----------------|------|
| HIGHGATE HILL | 6.9% |
| NORMAN PARK | 5.6% |
| NEWMARKET | 5.0% |
| BRISBANE CITY | 4.8% |
| SOUTH BRISBANE | 4.4% |

5 Year

Average Annual Growth

| | |
|----------------|------|
| BULIMBA | 7.4% |
| KANGAROO POINT | 7.2% |
| WILSTON | 7.0% |
| BRISBANE CITY | 6.5% |
| NEWSTEAD | 6.1% |

1 Year

Median Price Growth

| | |
|---------------|-----|
| NEWMARKET | 39% |
| ST LUCIA | 27% |
| HIGHGATE HILL | 24% |
| WILSTON | 22% |
| NEWSTEAD | 18% |

6 Month

Median Price Growth

| | |
|----------------|-----|
| NEWMARKET | 33% |
| ST LUCIA | 32% |
| WILSTON | 31% |
| KANGAROO POINT | 31% |
| NORMAN PARK | 31% |



1 Year & Six-Month median price growth illustrates the demand and sales of higher priced product in the suburbs listed over the specific timeframes.



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