

ISSUE 15 Winter 2021  
*Brisbane*

Place.



Advisory

# Apartment.

BRISBANE'S ONE SIDED  
BOOM CREATES RECORD  
VALUE GAP.



In this edition of **Apartment**, our researchers go behind the numbers that have formed **Brisbane's sales surge**. We uncover the suburbs **where buyers have shown the most interest** and highlight the impact of Brisbane's house price boom, and **why alarm bells should be ringing for investors**.





# 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 property market has continued to strengthen past the point of a 'Covid-19 recovery', as the city's housing supply struggles to keep up with intensified demand.*

# Sales Surge Ignites Brisbane's Market.

Record interest and consumer sentiment has seen dwellings transact at their highest levels since 2017, substantiating the backyard barbeque hearsay on what is considered to be the strongest residential market since pre-GFC.

Brisbane house and apartment sales increased by 11 per cent and 16 per cent, respectively, when compared to the previous year. A remarkable seven per cent above the five-year volume averages of both dwelling types.

Interestingly, the majority of the activity occurred within five kilometres of the CBD, as Brisbane's inner ring posted a 29 per cent yearly increase in house sales, and a 24 per cent yearly increase in apartment sales.

The strengthened market sentiment also drove demand in the new and off-the-plan apartment market, as quarterly sales were at their highest level since September 2018.

The spike in demand across the residential market can be conjointly attributed to low stock, record low interest rates, increased infrastructure spending, wage growth, and the two decade high net inflow of 25,000 people over the year.

Together, this has seen Brisbane's median house price surge to its highest value on record at \$755,000. Conversely, apartment values held, and as such, the city's one-sided boom created the largest value disparity between median house and apartment prices in history at 47.5 per cent.

It's expected that house values will continue to ascend until there is either a significant increase in stock on market, or the inflation rate reaches the Government target of two to three per cent. Something the RBA have forecasted to occur in 2024.

We expect the increasing value gap between houses and apartments, alongside projected migration figures, will continue to stimulate activity in the apartment market.

Consequently, the increased interest will provoke a rise in apartment values over the year, particularly in Brisbane's inner ring where the price for a house has just tipped over \$1 million.

		% CHANGE (12 MTHS)	% CHANGE (5 YEAR AVG)	MAR 21 SALES (6 MTHS)
<b>Unit Sales</b>	Brisbane City LGA	16%	7%	6,550
	Inner Ring (0km-5km)	24%	12%	3,100
	Middle Ring (5km-10km)	23%	13%	1,950
	Outer Ring (10km-20km)	2%	-2%	1,230
<b>House Sales</b>	Brisbane City LGA	11%	7%	7,900
	Inner Ring (0km-5km)	29%	20%	1,330
	Middle Ring (5km-10km)	12%	7%	2,630
	Outer Ring (10km-20km)	5%	-2%	3,490





# WATERFRONT LIVING

*Nearly 50% of Stage 1 Sold*

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To learn more about Sea Redland Bay, please contact  
Shaun Lennon | 0412 746 992 | [shaunlennon@eplace.com.au](mailto:shaunlennon@eplace.com.au)

# Projector.

INNER CITY APARTMENTS MARKET REPORT JANUARY – MARCH 2021

## BRISBANE MARKET OVERVIEW: BRISBANE OTP BACK TO PRE-PANDEMIC STRENGTH

219 unconditional transactions were recorded for the March Quarter 2021, totalling approximately \$140 million worth of apartment sales.

The Brisbane off the plan and new apartment sector regained its momentum towards the end of 2020, and in accordance with the wider residential market, its sales performance in the March quarter was significant.

219 sales were recorded over a period where few new projects launched, testament to Brisbane's restored market sentiment.

This jump in sales figures for the quarter is symbolic of an OTP market that has not only recovered but is performing at a level not witnessed in years.

September 2018 was the last time we saw sales figures of this magnitude, a quarter which was significantly bolstered by the launch of The Standard in West End and would otherwise have registered a mere 134 OTP sales.

You have to go back to September 2017 to find a comparative performance, and even then, the 230 sales made during this quarter came at a time when stock on market was at full complement.

The economic uncertainty faced this time last year has now been squandered and we are now seeing a sharp increase in demand within the wider residential market which has had a flow on effect to OTP sales.

This is particularly evident within Brisbane's inner ring where house sales increased by 29 per cent over the year, in turn, bumping the median price to just over \$1 million. Pricing many prospective buyers out of the inner ring house market.

As such, inner ring apartments, which have held their values over the boom, are becoming more and more attractive to buyers who lack the capacity to purchase close to the CBD, with transactions increasing by 24 per cent over the year.

Likewise, the attractiveness of purchasing OTP has risen amidst the consumer anguish

surrounding increased competition and the desire to enter the market now, before prices go the way of the house market.

The flexibility of OTP purchases allows buyers to lock in a price now and pay later, regardless of future variables that can act as barriers of entry such as inflation, or a change to interest rates.

For this reason, we are seeing a return of investors to the OTP market. This comes as no surprise as savvy investors have recognised the value in purchasing OTP now in a market with limited future supply and ever-increasing demand.

Prosperous lending conditions have also lent a hand in coaxing investors out of their hiatus. However, these are not the investors of old.

Those investing in OTP are purchasing apartments of the same quality level that owner occupiers are buying. Investors are purchasing apartments with quality configurations and inclusions in reputable locations, that are fit for owner occupiers. Primarily because these are the apartments tipped for gain value over the next 12 months.

Given 76 per cent of new and off the plan apartment stock across Brisbane has now sold, and very few new projects entered the market over the first quarter, it's positive to see an increase in sales activity.

We expect the strengthened OTP market to progress from its promising March quarter sales results and again transact at a high level in the June quarter.

Opportunities exist for new projects entering the market that can serve the underlying demand. We expect anything that launches over the next quarter to sell well and elevate sales statistics.

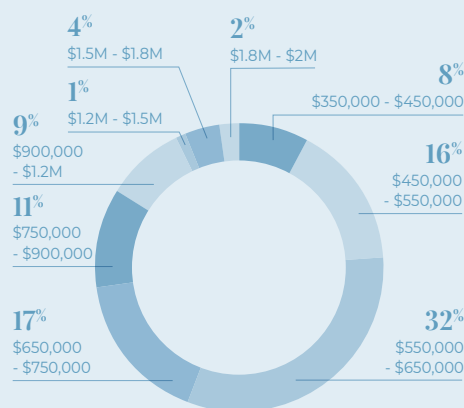
## SUMMARY

- 219 unconditional sales occurred during the March quarter 2021. This is 32 sales higher than the same period 12 months prior.
- The weighted average sale price for the March quarter 2021 was recorded at \$640,000.
- "The Chaussy" in Lutwyche was the standout performer for the quarter, recording 24 unconditional apartment sales, the highest result of any development.
- During the March quarter 2021, the majority of apartments sold unconditionally were in two-bedroom configurations, accounting for 57% of all sales. One-bedroom apartments accounted for 21% of sales, while three-bedroom apartments accounted for a further 19% of new

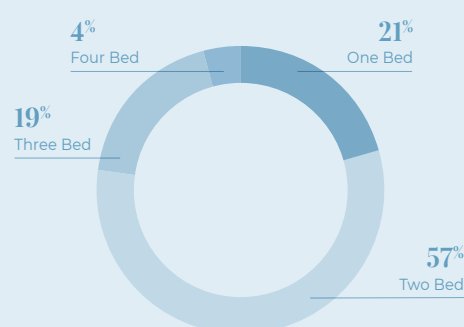
apartment sales. The remaining consisted of four-bedroom and penthouse apartments.

- The \$550,000 to \$650,000 price bracket was the most common for new apartment sales during the March quarter 2021, accounting for 32% of sales.
- There are currently 1,947 new apartments available for sale throughout Inner Brisbane.
- The proportion of new apartments that have now completed construction is at 63%. Higher compared to the 83% development completion status at same period 12 months prior.
- Remaining supply consists primarily of two-bedroom apartments, which accounts for 52% of all remaining new apartments. One-bedroom apartments account for a further 28%, whilst three-bedroom apartments account for a further 16% 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 90% sold.*

A total of 26 unconditional new apartment sales were made in the March quarter. Demand was primarily for two-bedroom apartments in the \$750,000-\$900,000 price bracket.

- Mary Lane was the strongest performer within the CBD precinct, recording 13 unconditional new apartment sales.

- Most of the remaining supply is in two-bedroom configurations, accounting for 55% of all new apartment supply in the CBD precinct. One-bedroom configurations account for 22% of remaining stock, with a further 12% owing to three-bedroom configurations. The remaining is made up of four-bedroom apartments and a single penthouse in 433 Queen.

- There are currently only 164 new apartments available for purchase throughout the CBD precinct.
- Of all new apartment buildings in the CBD precinct, only 443 Queen is yet to complete construction. This development is due for completion in December 2021 and is currently 82% sold.

DEVELOPMENT	SUBURB	STATUS	TOTAL UNITS	SOLD	AVAILABLE FOR SALE	MAR QTR 2021
The Midtown	CBD	Completed	144	132	12	0
Skytower	CBD	Completed	1,092	1,015	77	4
443 Queen	CBD	Under Construction	264	217	47	9
Mary Lane	CBD	Completed	184	156	28	13
<b>OVERALL</b>			<b>1,684</b>	<b>1,520</b>	<b>164</b>	<b>26</b>

# NORTH OF THE RIVER

*Only 14 months of apartment supply remains North of the River.*

The North of the River precinct has recorded 113 unconditional new apartment sales for the March 2021 quarter at an average weighted sale price of \$530,000.

- "The Chaussy" in Lutwyche recorded the most unconditional sales for the quarter with 24 transactions recorded.

- The majority of the 113 sales were within the \$550,000 to \$650,000 price bracket, accounting for 38% of sales.
- Demand was for two-bedroom configurations, this accounted for 61% of sales. This was followed by two bedroom at 21% and three-bedroom at 14%.
- At the end of the March 2021 quarter, there were 513 new apartments remaining

available for sale throughout the North of the River precinct.

- At present, 58% of new supply in the precinct has completed construction. Additionally, only 16% 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	MAR QTR 2021
Belise	Bowen Hills	Completed	230	212	18	3
The Yards	Bowen Hills	Completed	401	334	67	1
The Chaussy	Lutwyche	Under Construction	83	65	18	24
Omega	Bowen Hills	Completed	130	112	18	10
Alcyone Residences	Hamilton	Completed	228	209	19	2
Utopia Space	Fortitude Valley	Completed	300	273	27	12
Gallery House - Stage 1	Hamilton	Completed	167	166	1	3
Gallery House - Stage 2	Hamilton	Completed	148	145	3	14
Chester Apartments	Newstead	Completed	170	169	1	6
The Oxlade	New Farm	Awaiting Construction	39	6	33	0
Botanic	New Farm	Under Construction	16	0	16	0
Anthology	New Farm	Under Construction	26	24	2	0
Quay Waterfront	Newstead	Awaiting Construction	143	0	143	0
Obsidian	Teneriffe	Completed	13	12	1	4
Ella Apartments	Newstead	Completed	149	138	11	5
Nero	Newstead	Completed	108	108	0	3
38 High St	Toowong	Completed	136	127	9	0
Illumina	Toowong	Completed	224	224	0	1
White Dawn	Toowong	Completed	60	57	3	0
The Patterson	Toowong	Under Construction	62	62	0	1
The Kensington	Toowong	Awaiting Construction	63	0	63	0
160 Macquarie	St Lucia	Awaiting Construction	34	0	34	0
Latitude	Indooroopilly	Awaiting Construction	35	9	26	9
Aura	Milton	Under Construction	82	82	0	15
<b>OVERALL</b>			<b>3,047</b>	<b>2,534</b>	<b>513</b>	<b>113</b>



# SOUTH OF THE RIVER

80 sales were recorded south of the river. Demand for apartments primarily sat in the \$550,000 to \$650,000 price bracket.

*Two-bedroom and three-bedroom apartments both accounted for 80% of sales.*

- Both 'Silk One' and 'Montague Markets & Residences' recorded 14 unconditional sales, the most of any south of the river project.
- Remaining stock is mostly made up of two-bedroom apartments, making up 50% of availability. One-bedroom apartments account for a further 33%, as three-bedroom configurations make up 15% of remaining supply.
- Of all new apartments in the South of the River precinct, approximately 64% have now completed construction. There are currently 852 new apartments remaining for sale South of the River.
- There are currently 25 new apartment buildings in the South of the River precinct with apartments available for purchase. Of these, 10 developments are close to selling out with 10 apartments or less available for sale.

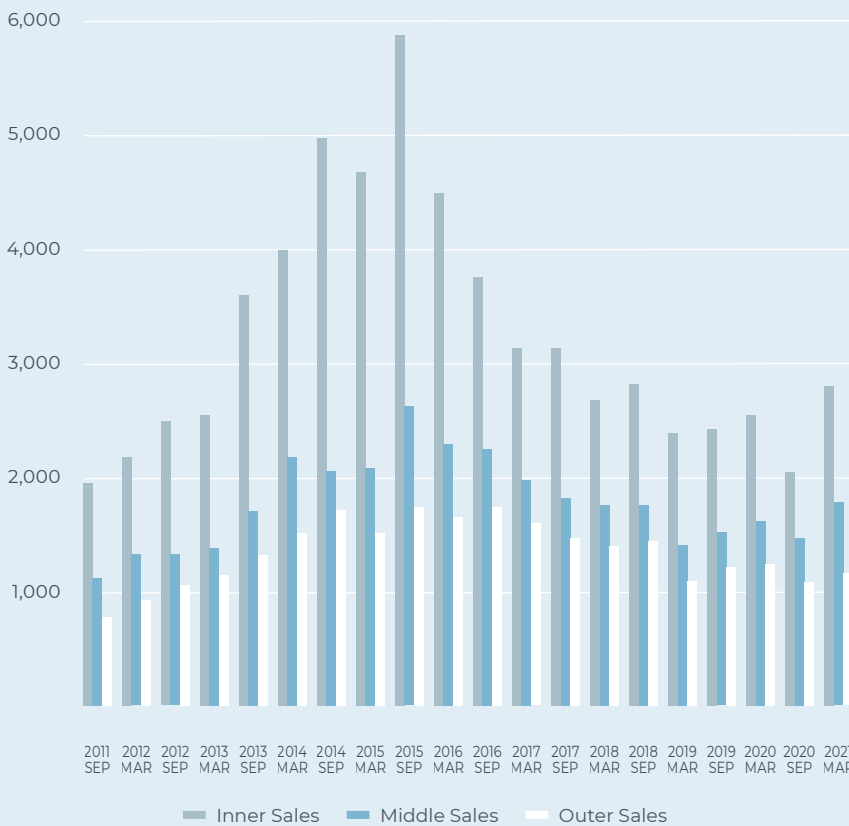
DEVELOPMENT	SUBURB	STATUS	TOTAL UNITS	SOLD	AVAILABLE FOR SALE	MAR QTR 2021
Atlas	South Brisbane	Completed	210	179	31	3
Amersham	West End	Under Construction	29	0	29	0
AKIN	South Brisbane	Awaiting Construction	190	0	190	0
Montague Markets & Residences	West End	Completed	90	84	6	14
Brisbane 1	South Brisbane	Completed	608	367	241	6
Citro	West End	Completed	106	79	27	10
Encore	West End	Completed	60	60	0	3
INK	West End	Completed	107	98	9	0
Light & Co - Illuminate	West End	Completed	90	87	3	0
Light & Co - Radiance	West End	Completed	139	138	1	0
Olympia on Russell	South Brisbane	Completed	65	63	2	0
Soko Waterfront Apartments	West End	Completed	120	120	0	1
The Mews	Woolloongabba	Completed	139	123	16	0
The One West End	West End	Completed	61	41	20	2
The Standard	South Brisbane	Under Construction	268	260	8	0
Silk One	Woolloongabba	Under Construction	173	147	26	14
Linton Apartments	Kangaroo Point	Completed	154	129	25	3
Thornton	Kangaroo Point	Awaiting Construction	13	0	13	0
M Apartments	Kangaroo Point	Under Construction	46	21	25	7
Thorncliffe	Kangaroo Point	Under Construction	21	10	11	10
Riviere	Kangaroo Point	Awaiting Construction	124	0	124	0
Monterey	Kangaroo Point	Completed	42	17	25	5
Lincoln on the Park	Greenslopes	Completed	93	81	12	1
The Sinclair	East Brisbane	Under Construction	122	121	1	1
Oxy	Greenslopes	Completed	60	53	7	0
<b>OVERALL</b>			<b>3130</b>	<b>2278</b>	<b>852</b>	<b>80</b>

# SPECIAL REPORT

*Brisbane by the numbers.*

BRISBANE RENTAL PRICES	PRICE	QUARTER % CHANGE	12 MONTH % CHANGE	10 YEAR % (PA) CHANGE
House	\$492	3.0%	7.6%	1.6%
House (3 Bed)	\$461	2.8%	2.8%	1.7%
Apartment	\$387	1.7%	2.7%	1.0%
Apartment (2 Bed)	\$385	1.7%	5.1%	1.3%

## BRISBANE APARTMENT, SALE VOLUME BY RING



## QUEENSLAND HOUSE AND APARTMENT APPROVALS (APR 21)

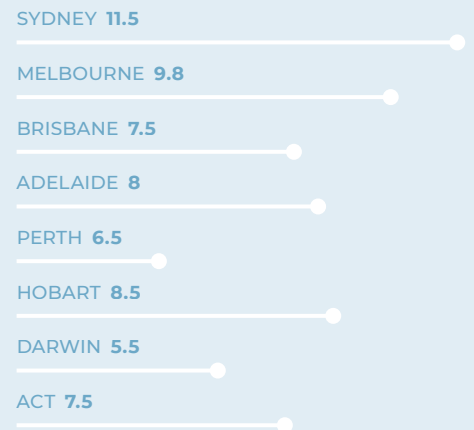
**2,730**

HOUSES MONTHLY CHANGE -4.0%

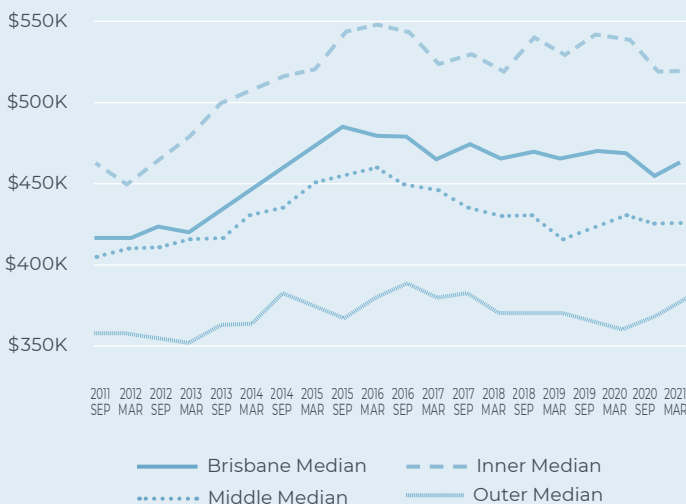
**4,547**

APARTMENTS MONTHLY CHANGE 12.1%

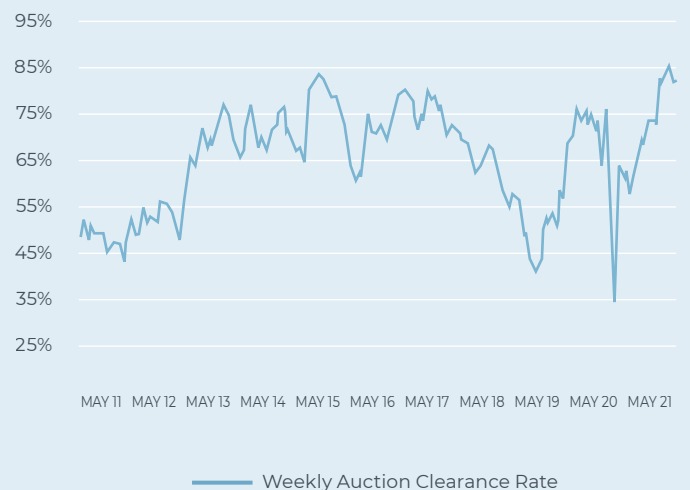
## YEARS TO SAVE A 20% DEPOSIT



## BRISBANE APARTMENT, MEDIAN PRICE BY RING



## WEEKLY CLEARANCE RATE, COMBINED CAPITAL CITIES







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*\*pricing correct at time of publishing and subject to change without notice.*



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**Ally Edmonds | 0412 902 922 | allyedmonds@eplace.com.au**

# Suburbs on Trend.

*Where have buyers shown the most interest over the property boom?*



ACROSS BRISBANE THERE HAS BEEN A STEEP INCREASE IN SALES OF BOTH HOUSES AND APARTMENTS.

Compared to this time last year, volumes are up 11 per cent for houses, and 16 per cent for apartments. Both sitting seven per cent above the 5-year average as of March 31.

Interestingly, Brisbane's inner ring has seen the bulk of the interest.

Inner ring house sales are up 29 per cent and inner ring apartment sales are up 24 per cent when compared to last year.

This comes as no surprise as Brisbane's property market is experiencing its highest auction clearance rates in years, as people look to enter the market during this period of prosperity and avoid missing the boat.

Take a look at the suburbs that have recorded transactions well above their average sales volume for the last six months.

Apartments	MEDIAN	SALES	5YR AVE	% INCREASE
HIGHGATE HILL	\$810,000	57	29	97%
BOWEN HILLS	\$490,000	110	69	61%
CLAYFIELD	\$480,000	125	82	53%
SHERWOOD	\$450,000	82	54	52%
SPRING HILL	\$430,000	108	73	47%
BULIMBA	\$830,000	114	79	44%
TENERIFFE	\$770,000	141	98	44%
MILTON	\$560,000	70	50	41%
CARINA	\$520,000	135	96	40%
WINDSOR	\$480,000	71	51	39%

Houses	MEDIAN	SALES	5YR AVE	% INCREASE
BALMORAL	\$1,260,000	60	38	57%
NEWMARKET	\$1,070,000	42	27	55%
MURARRIE	\$760,000	55	36	54%
SALISBURY	\$660,000	58	38	54%
NEW FARM	\$2,680,000	56	37	53%
WILSTON	\$1,460,000	39	26	52%
MOGGILL	\$710,000	48	33	47%
UPPER KEDRON	\$1,020,000	46	31	46%
SEVEN HILLS	\$1,240,000	36	25	45%
COOPERS PLAINS	\$630,000	53	37	43%



# Alarm bells ring loud for investors as *'value gap'* hits record high.



## THE IMPACT OF BRISBANE'S HOUSE PRICE BOOM IS STARTING TO BE REALISED, AS THE GAP BETWEEN HOUSE AND APARTMENT VALUES HAS WIDENED TO ITS HIGHEST LEVEL ON RECORD.

Brisbane's 5.6 per cent house value surge has now pushed the median price for a house to \$755,000. Conversely, apartment values across the city have held, creating the largest disparity between house and apartment values in recent history at a 47.5 per cent, and exposing the one sided boom.

The latest sales figures have substantiated the affordability pressure placed on buyers in the Brisbane house market. Apartment sales rose by 16 per cent over the year, as the spike in house prices is compelling buyers to purchase in the medium and high-density apartment market.

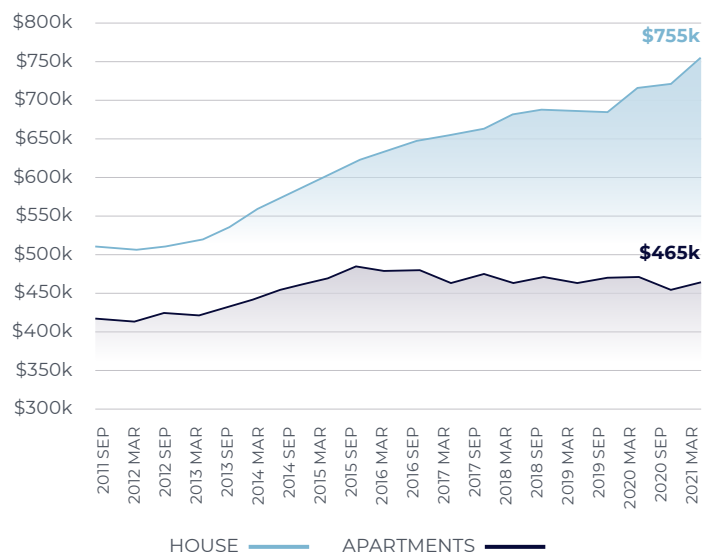
It's unquestionable that the record disparity will continue to spur demand in the apartment sector, and it's likely that an increase in values will follow. Hence, alarm bells should be ringing loudly for investors to take position in the long suffering apartment market now, before the values start to take off and go the way of the house market.

The increasing squeeze on Brisbane's apartment stock, particularly felt the new and off the plan market, is set to further drive values. As reported in the latest Place Advisory Quarterly Apartment Report, new and off-the-plan apartments have reduced from the heady days of 1,600 sales in the final quarter of 2014 to a mere 178 sales in the first quarter of 2021.

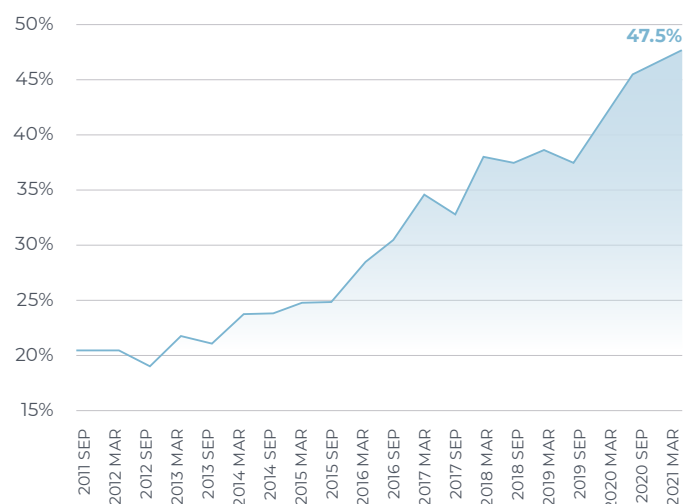
Drivers of demand including increased net migration, record low interest rates, and an impending Olympic sized infrastructure spending blitz are expected to further accentuate this squeeze on stock.

Opportunity now exists for developers considering launches of new well planned projects, that serve to the demand for spacious two and three bedroom apartments with higher quality finishes, appealing to owner occupiers priced out of the house market.

## MEDIAN HOUSE AND APARTMENT VALUES - BRISBANE



## % DIFFERENCE BETWEEN MEDIAN HOUSE AND APARTMENT VALUES - BRISBANE







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