

Apartment.



BUILDING
APPROVALS
LEAD THE
WAY FOR
A STRONG
2022.

In this edition of **Apartment**, our researchers discover the numbers behind another **impressive quarter** for Brisbane's off-the-plan market. We offer insight into the **factors fuelling their demand** and an overview of **what to expect** throughout 2022.



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 finishes the year continuing to break records.

Brisbane's impressive property growth remains as Australia transitions out of lockdowns.

Australian household wealth has reached a new peak despite the persisting impact of COVID-19's forced saving behaviour. A combination of record interstate migration figures and low interest rates have produced a fundamentally positive sentiment for the city's property market.

House prices significantly increased by 11% in the fourth quarter, reaching a median of \$915,000. This continued momentum resulted in an overall 22% gain from 2020. Additionally, Brisbane experienced the greatest rise in rents among all capitals, edging toward a median of \$550 per week.

From December 2020 to 2021, the off-the-plan apartment market has realised an annualised 16% gain in value, reaching a weighted average sale price of \$1,020,000.

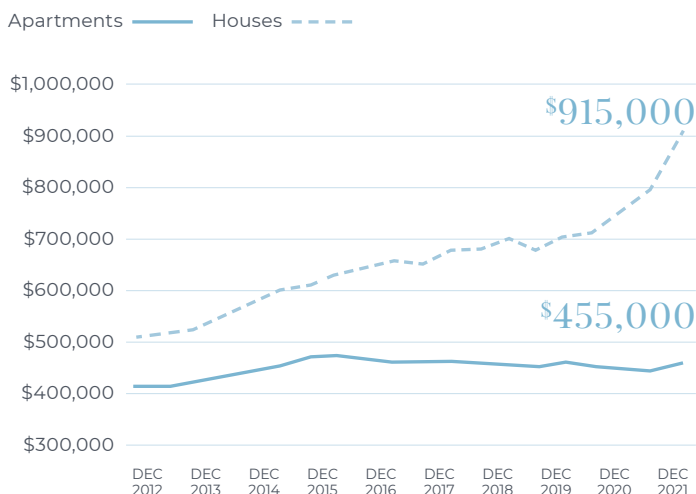
With regard to the overall market including resales, the median price of a unit is \$455,000 calculating to less than half the price of a median-priced house resulting in a historically high price gap. The average rent per week and gross yield for apartments are \$400 per week and 5%, respectively, while vacancy rates are at a historically low 1.1%, down from 2.8% at the start of COVID-19.

Regardless of the gap of capital growth between houses and apartments, the sales volume for apartments over the past six months has now surpassed the five-year average by 20%, with 7,358 transactions. Interestingly, house sales slightly decreased from 7,344 to 7,292 in the same period. There were 385 new apartment sales recorded for the December quarter, just 20% shy of doubling that of the same period in 2020.

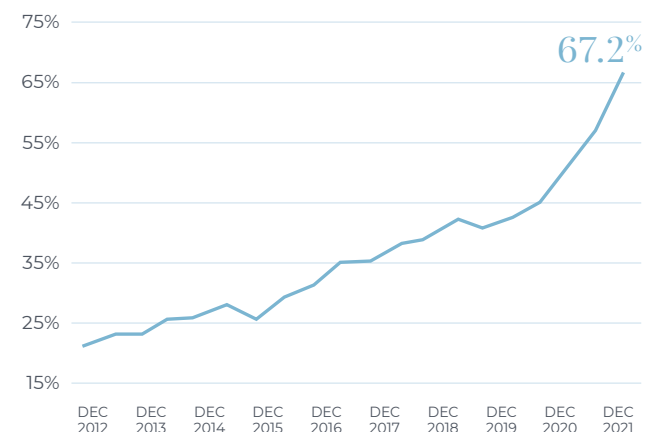
Building approvals in Brisbane gained traction in the final quarter of 2021, particularly developments over eight storeys high. There has however not been a significant increase in approvals that directly correlate with the mass migration into Brisbane; there could potentially be a perfect storm brewing for demand to outstrip available stock. Additionally, the increase of construction costs is staving off the release of new projects. Regardless, the notable increase of the weighted average sale price is a positive outlook for the off-the-plan apartment market.

Value Gap

MEDIAN HOUSE AND APARTMENT VALUES IN BRISBANE



% DIFFERENCE BETWEEN APARTMENT AND HOUSE VALUES IN BRISBANE



Thornclyffe

RESIDENCES



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Projector.

INNER-CITY APARTMENTS MARKET REPORT OCTOBER – DECEMBER 2021

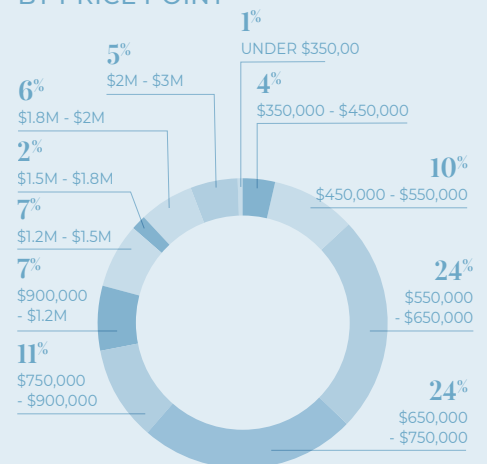
Demand for two-bedroom apartments continues to rise among all precincts. With 385 unconditional sales, there was a gross transactional value of nearly \$400 million, up from \$121 million in the 2020 December quarter.

There is only four months worth of supply in the CBD precinct, the lowest reported level of stock for the year with only the June quarter coming close with 20 months available. This is an expected outcome as developers are holding off the release of projects due to soaring construction costs. A notable highlight was the degree that sales volumes of one-bedroom apartments dropped. In 2015, one-bedroom apartments accounted for 40% of transactions, whereas in the fourth quarter of 2021, they represented just 7%. This decline helps to represent the rising demand for two and three-bedroom apartments reaching 64% and 22% of all sales, up from 55% and 4% seven years ago. It is also a representation of how demographic trends have changed over time, moving from an investor to an owner-occupier market.

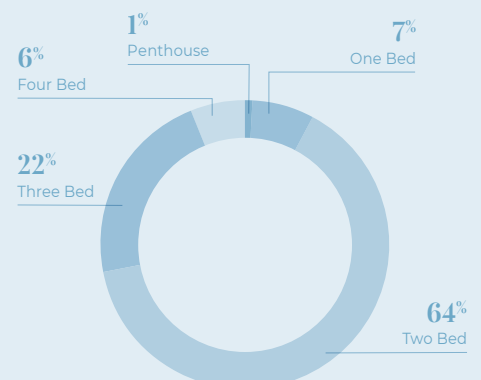
KEY PERFORMANCE

- The weighted average sale price of off-the-plan apartments across Brisbane was \$1,020,000, representing a 16% increase from 2020's final quarter recorded transactions. This is a very interesting figure when compared to the median apartment sales price of \$455,000. While there is a historically large price gap in favour of houses, off-the-plan apartments have a higher average sales price of \$1,020,000 than that of a house being \$915,000.
- The best performing development was Oria at Spring Hill, which recorded 50 sales.
- Two-bedroom apartments were the most popular configuration accounting for 64% of sales, followed by three- and one-bedroom apartments, reported as 22% and 7% of transactions respectively.
- The \$550,000 to \$650,000 and \$650,000 to \$750,000 price points were most popular, each accounting for 24% of sales.
- The amount of completed construction is 71%, down from 84% in Q4 2020.
- Two-bedroom apartments have the greatest level of all available stock at 44%, followed by one-bedroom apartments accounting for 29%.

UNCONDITIONAL SALES BY PRICE POINT



UNCONDITIONAL SALES BY CONFIGURATION



CBD PRECINCT

There were 59 reported unconditional new apartment sales for the December quarter, with two-bedroom apartments in the \$550,000 to \$650,000 price range accounting for majority of this demand.

- 443 Queen was the strongest performer and remains the only reported development of the precinct yet to be completed.
- Majority of current supply is in the one-bedroom configurations, followed by two- and three-bedroom apartments.

Developments in the CBD precinct are 92% sold.

DEVELOPMENT	SUBURB	STATUS	TOTAL UNITS	SOLD	AVAILABLE FOR SALE	DEC QTR 2021
The Midtown	CBD	Completed	144	138	6	3
Skytower	CBD	Completed	1,092	1,028	64	8
443 Queen	CBD	Under Construction	264	260	4	40
Mary Lane	CBD	Completed	184	184	0	8
OVERALL			1,684	1,610	74	59

NORTH OF THE RIVER

Spring Hill was the most sought-after suburb in the December quarter for the north of the river precinct, with Oria achieving 50 sales.

- The Aviary at Toowong was the largest development to sell out, followed by Bowen Hill's Omega apartments.
- Additional sold-out projects came from New Farm's bespoke development 'The Oxlade', as well as Luminare at Newstead.
- The bulk of transactions came from two-bedroom apartments, followed by three-bedroom configurations.
- There are reportedly 167 apartments for sale, with 65% of constructions now completed.

Demand continues its pace north of the river, with only three months of supply available reportedly.

DEVELOPMENT	SUBURB	STATUS	TOTAL UNITS	SOLD	AVAILABLE FOR SALE	DEC QTR 2021
Belize Apartments	Bowen Hills	Completed	230	214	16	0
The Yards	Bowen Hills	Completed	401	339	62	0
Omega	Bowen Hills	Completed	130	130	0	3
Alcyone Residences	Hamilton	Completed	228	218	10	1
Utopia Space	Fortitude Valley	Completed	300	291	9	12
The Oxlade	New Farm	Under Construction	30	30	0	2
Alouette Residences	Newstead	Awaiting Construction	57	56	1	19
Luminare	Newstead	Under Construction	109	109	0	2
Bide	Newstead	Under Construction	89	68	21	3
Rivello	Hamilton	Awaiting Construction	150	146	4	20
Oria	Spring Hill	Awaiting Construction	113	95	18	50
38 High St	Toowong	Completed	136	130	6	1
The Aviary	Toowong	Awaiting Construction	150	150	0	37
160 Macquarie	St Lucia	Awaiting Construction	34	34	0	3
Latitude	Indooroopilly	Awaiting Construction	35	15	20	0
OVERALL			2,192	2,025	167	153

SOUTH OF THE RIVER

There were 173 sales recorded south of the river, with predominant demand in the \$650,000 to \$750,000 range and a weighted average price of \$700,000.

- While South Brisbane's AKIN documented the highest total of 36 sales in the precinct with only four apartments remaining, it is especially noted that Enclave (Davies Residences) achieved a sell-out in Q4.
- Two-bedroom apartments made up majority of sales, followed by three-bedroom configurations reportedly.
- There are reportedly 486 apartments for remaining with 67% of constructions now completed.

The demand for two-bedroom apartments outpaces other configurations from Q3.

DEVELOPMENT	SUBURB	STATUS	TOTAL UNITS	SOLD	AVAILABLE FOR SALE	DEC QTR 2021
Atlas	South Brisbane	Completed	210	186	24	0
Amersham	West End	Under Construction	29	29	0	2
AKIN	South Brisbane	Awaiting Construction	190	186	4	36
Enclave (Davies Residences)	West End	Under Construction	70	35	0	35
Brisbane 1	South Brisbane	Completed	608	432	176	29
Citro	West End	Completed	106	90	16	6
INK	West End	Completed	107	99	8	1
West Village (Altura)	West End	Awaiting Construction	148	4	144	4
The One West End	West End	Completed	61	47	14	4
Linton Apartments	Kangaroo Point	Completed	154	134	20	5
Thornton	Kangaroo Point	Under Construction	13	13	0	1
M Apartments	Kangaroo Point	Under Construction	46	46	0	10
Skye	Kangaroo Point	Awaiting Construction	68	21	47	0
Thorncllyffe	Kangaroo Point	Under Construction	21	21	0	9
The Stretton	Greenslopes	Awaiting Construction	17	13	4	13
Monterey	Kangaroo Point	Completed	42	27	15	4
Maarsa	Coorparoo	Under Construction	102	88	14	0
Lincoln on the Park	Greenslopes	Completed	93	93	0	7
OVERALL			2,085	1,564	486	166

What to keep an eye out for in 2022's property market.



Interest Rates & APRA

The falling unemployment rate and arrival of immigrants with borders reopening, are key catalysts for the growth of Australia's economy. It's nonetheless tipped that it will take until the fourth quarter of 2022 to see a rate rise to achieve the current level of growth in a sustainable manner. The likely outcome for owner-occupiers and investors on the market would be to fix the low rates where the opportunity best presents itself; the most preferred fixed rate period remains from two to three years. The Australian Prudential Regulation Authority (APRA) also remains an additional consideration for 2022, with lending restrictions amended within the quarter that increased the minimum interest rate buffer to alleviate higher debt ratios. Borrowers must be now able to service a loan if their interest rates rise by 3%, as opposed to the current 2.5%. As a result, new loan amounts could decrease by approximately 5% if such circumstances prevail.

Continued Appreciation

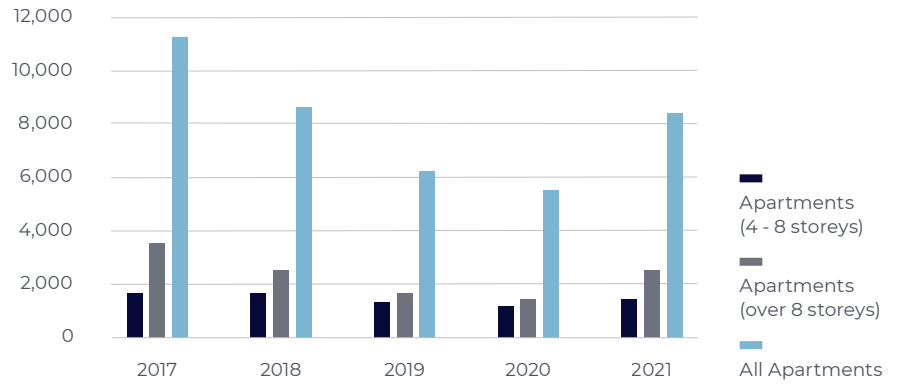
The final quarter of 2021 maintained impressive levels of capital growth for many Brisbane suburbs and it is anticipated that the gap between houses and apartments will inevitably spring back to the long-term average. Rents are also likely to continue increasing as international borders reopen and interstate migration in Queensland's favour continues, further decreasing vacancy rates.



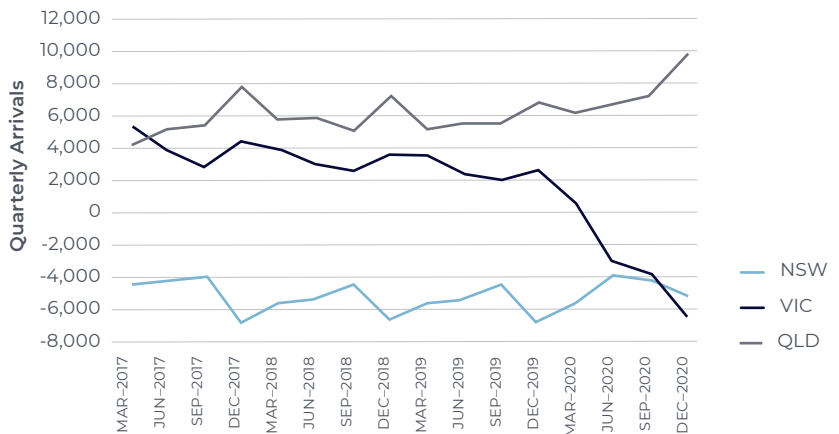
Apartment Approvals

There exists a potentially large undersupply of apartments in Brisbane as the migration inflow rapidly continues, after bottoming out during the years 2010 through 2015. The current surge of population growth aligns with the exodus occurring in Sydney and more-so Melbourne over the last two years. It therefore presents the question as to whether the level of supply will be sufficient to deal with the inherent demand. Approvals for apartments only started to trend higher again in Q4 after a considerable drop off from August 2021; residences of four or more storeys now account for almost 40% of all approvals, a statistic not apparent since 2017 before momentum started to favour single dwellings. It is especially noted that buildings over eight storeys are gaining traction at a considerably quicker rate than those within the four-to-eight storey range. This indicates the level of densification that should continue as the city's population maintains its existing trajectory.

BRISBANE'S APARTMENT APPROVALS



NET INTERSTATE MIGRATION



Construction Costs

The combination of persisting supply-chain disruptions and the demand surge caused by fiscal stimulus over the last year saw Brisbane included as one of the most affected capital cities for increased construction costs.

Whilst Brisbane was less affected by lockdowns, the border restrictions disrupted trade, limiting access to material. However, improvements in labour shortages will ideally dampen overall costs. The number of apprentices is estimated to at least double and overall growth in the number of tradespeople is set to improve, with the return of overseas migration.

KEY MATERIAL COST INCREASES

ABS Producer Price Indexes, Australia
(January 2021 – December 2021)

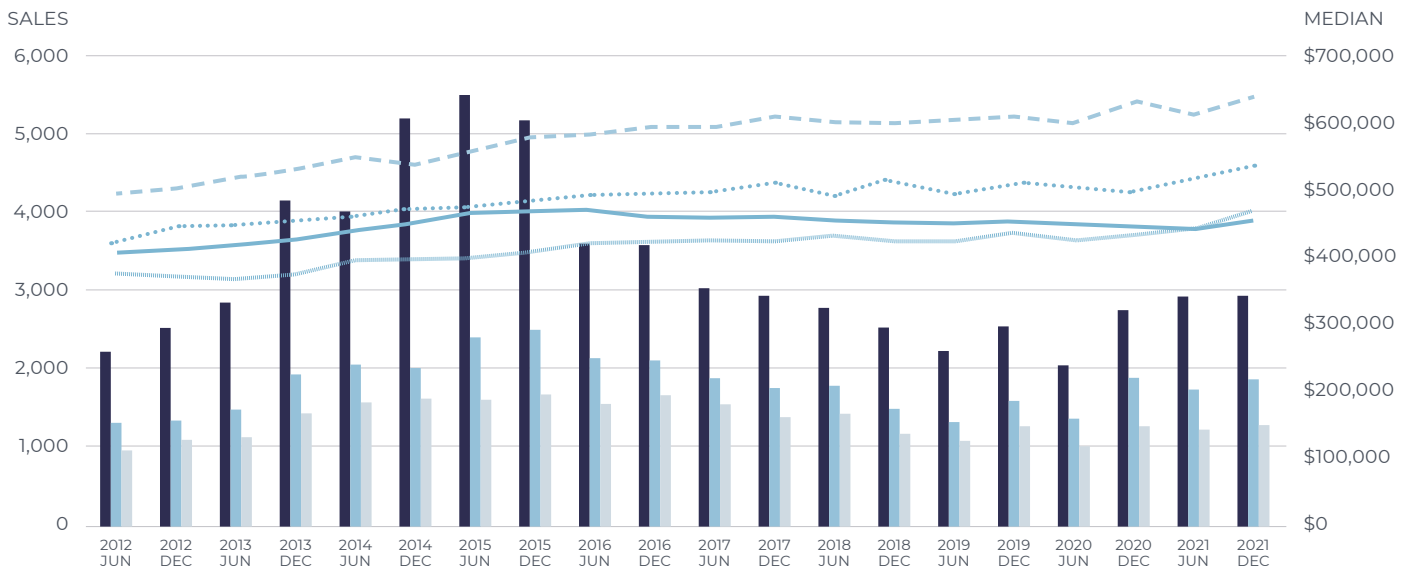
STRUCTURAL TIMBER	+15.4%
ALUMINIUM	+3.0%
COATING MATERIALS	6%

Brisbane Property Market Breakdown.

■ INNER SALES ■ MIDDLE SALES ■ OUTER SALES
— BRISBANE MEDIAN - - - INNER MEDIAN ⋯ MIDDLE MEDIAN — OUTER MEDIAN

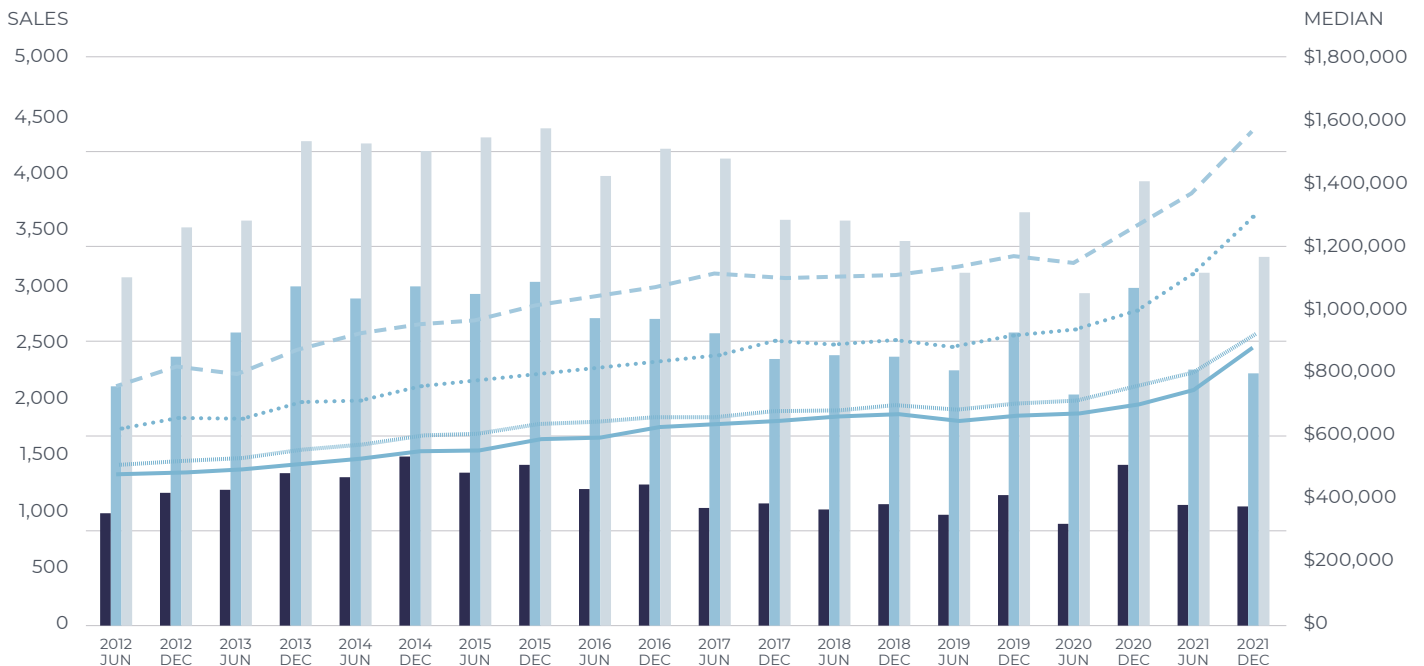
APARTMENTS

	MEDIAN	1Y PRICE GROWTH	5Y PRICE AAGR	10Y PRICE AAGR	DEC 21 SALES VOL	10Y SALES VOL	5Y SALES VOL	1Y SALES VOL
INNER RING	\$637,799	1.3%	1.5%	2.5%	2946	32%	-3%	7%
MIDDLE RING	\$534,624	6.9%	1.5%	2.3%	1879	42%	-1%	-1%
OUTER RING	\$466,716	7.8%	1.9%	2.2%	1296	33%	-17%	1%



HOUSES

	MEDIAN	1Y PRICE GROWTH	5Y PRICE AAGR	10Y PRICE AAGR	DEC 21 SALES VOL	10Y SALES VOL	5Y SALES VOL	1Y SALES VOL
INNER RING	\$1,549,314	23.9%	7.0%	7.5%	1048	7%	1%	-25%
MIDDLE RING	\$1,286,496	30.1%	8.6%	7.5%	2205	5%	-14%	-25%
OUTER RING	\$871,873	25.9%	6.6%	6.3%	3212	6%	-21%	-17%





WHY CHOOSE US? We are leaders in the creation and delivery of individually considered and specifically designed sales and marketing strategies for well-located Queensland residential projects.

We take pride in offering a full-service project marketing approach to your development. At Place Projects, we actively engage with our developers to provide advisory information in relation to site acquisition through to settlement. We provide tailor-made strategic marketing campaigns to promote your project's unique selling points and influence specific target markets.

This holistic approach, combined with our experience, local knowledge and research by Place Advisory means we can minimize the risk while maximizing the return on your development.

Place Projects has applied this formula with continued success with major developments, boutique projects, master planned communities, investment sales, residential sales as well as DHA mid-lease and surplus sales. We also have our property management team who provides rental appraisals, advice and oversees a boutique portfolio.

The Place Projects Team is led by some of the most experienced and high achieving sales and marketing professionals in the industry. If you are interested in discussing how Place Projects can work with you, and your next project, please contact our Team.



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LEAD CONVERSATION & SALES
CAMPAIGN REPORTING

ONGOING MANAGEMENT

REVIEW TARGET MARKET
REVIEW STRATEGY & FEEDBACK
CONTRACT MANAGEMENT
REVIEW MARKETING INITIATIVES



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