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Brisbane

Place.  Advisory

Apartment.



RECORDS CONTINUE TO BREAK
AS BRISBANE MARKET SHOWS
NO SIGN OF SLOWING DOWN.

In this edition of **Apartment**, our researchers go behind the numbers that have formed **another record quarter** for Brisbane's off-the-plan market. We take a deeper look into the **latest interstate and overseas investment figures** and offer insight into the impact the **APRA lending adjustments** will have on Brisbane's residential property market.

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, as the city's housing supply struggles to serve the intensified demand.

Credit crunch unlikely to burst surging market.

Figures from September quarter have substantiated the expectation that the Brisbane's property market would continue to break records and show no indication of slowing down.

The one-sided house surge saw house values increased by four per cent over the quarter to \$825,000. Coincidentally, the first material change in value of Brisbane apartments in over a year was realised, however, only increasing by one per cent over the quarter to reach a median value of \$450,000.

The deteriorating house supply and increasing buyer competition that have pushed auction clearance rates above the 70 per cent mark since February has widened the gap between house and apartment values to its greatest disparity in history at 59 per cent. Leaving those wanting to enter the house market questioning if the market will soften and triggering the first fiscal intervention aimed at repairing the clear affordability disparities of local housing market conditions nationally.

However, the 'one size fits all' nature of the national tightened lending standards handed down in October are unlikely to impinge on the predominant drivers behind Brisbane's excessive growth.

Risky loans and investor lending are expected to be impacted by the recent changes, while owner occupiers, who are the buyers behind Brisbane's real estate boom, will be less prone to the pinch of APRA's intervention.

As such, vulnerable buyers look to have made a move to beat the credit clamp down. Sale volumes for the six months to September performed well above the five-year averages for both houses and apartments, despite active listings sitting 30 per cent below the five-year average for Brisbane dwellings.

This increased activity coupled with low supply has been the major force behind the sharp 14.8 per cent increase to house values, and it appears the increasing unaffordability of Brisbane houses has steered overwhelmed buyers into the apartment market.

The latest figures show that apartment transactions were 55% higher during the September 2021 six-month period than they were a year earlier, notching the greatest total sales volume since the 2016 apartment development boom.

Headly absorption rates and positive consumer sentiment has also been apparent in the new and off-the-plan market, with record sales figures realised over consecutive quarters.

Over 962 new and off-the-plan sales were made during the September 2021 quarter, a significant spike from the 121 sales recorded during the same quarter in 2020.

On one hand, these heightened transaction figures can again be attributed to a mass release of developments that were previously held from entering the market in the initial stages of the pandemic, along with the rush to beat increasing construction costs.

However, affordability pressure and the value proposition of purchasing an apartment amidst the house price surge is evidently stimulating apartment sales figures.

The trends witnessed over the September quarter are expected to continue into the new year, with all 'big four' banks releasing forecasts that suspect the tightened lending conditions will have minimal effect on Brisbane's property market, estimating Brisbane house values to increase by 16%-21% over the next 12 months.

APARTMENTS

MEDIAN

\$450,000

10 YEAR ANNUAL
AVERAGE GROWTH

1.1%

1 YEAR
GROWTH

1.1%

HOUSES

MEDIAN

\$825,000

10 YEAR ANNUAL
AVERAGE GROWTH

5.0%

1 YEAR
GROWTH

14.8%



About Place Projects.

Place Projects is South East Queensland's premier project marketing agency with the experience and resources to bring success to your next residential development.

Our people are 'hands on' operators who specialise in marketing off-the-plan apartment developments and master-planned communities in the South East of Queensland market. Our clients range from small local builders to large publicly listed companies; our buyers range from first home buyers, luxury downsizers, to professional national and international investors.

Place Projects is a high-quality organisation with a proven track record of customer satisfaction and outstanding sales results, which has helped us achieve record residential sales. The secret to this success is managing our growth and hand-picking the very best sales professionals in the business. Our unique set of systems and processes helps our staff grow professionally. It also allows us to offer a comprehensive sales and marketing service that minimises costs to our clients.

Using our proven formula, we empower developers and investors with information to make informed decisions on areas including site selection, development creation and planning, and buying opportunities. It also assists in the development of tailor-made strategic marketing campaigns that actively engage a project's most suitable target markets. This holistic approach, combined with our experience and local knowledge, means we can minimise the risk, while maximising the return on your development.

The detail of our reporting systems to developers is second to none. The reporting system available supports rational discussion in marketing spends, and minimises lost sales opportunities.

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.



Bruce Goddard

Director

M 0418 185 209
E brucegoddard@eplace.com.au
in @brucegoddard



Syd Walker

Director

M 0418 710 888
E sydwalker@eplace.com.au
in @sydwalker

Projector.

INNER-CITY APARTMENTS MARKET REPORT JULY – SEPTEMBER 2021

OFF-THE-PLAN (OTP) MARKET CONTINUES TO BREAK RECORDS

962 unconditional transactions were recorded for the September Quarter 2021, totalling approximately \$805 million worth of apartment sales.

A raft of project launches and a move to purchase completed stock has seen \$805 million worth of off-the-plan and new apartments sold in the September quarter.

The 962 sales represent the highest quarterly transaction level since the 2015 apartment boom, a period where considerably more projects were launched to market.

The rapid sales increase has left 46% of Brisbane's in market projects either completely sold out or with fewer than 10 apartments remaining for sale.

At the current sales rate, only four months of off-the-plan stock remains throughout Brisbane.

A looming price rise for projects yet to be constructed has begun to have a noticeable impact on Brisbane's residential development market, as comparatively affordable completed stock, most of which has laid dormant since 2015, has been absorbed over the quarter.

This has been triggered by the increase in the cost of materials and labour, the heightened costs of construction are placing pressure on the feasibility of many approved developments that are yet to hit the market.

The trend has seen investors purchase into completed developments or those under construction with undisrupted prices, in an effort to avoid the impending hike.

However, modern investors are purchasing apartments of the same quality level that owner occupiers are buying. Seeking value in quality configurations, inclusions, and reputable locations, while capitalising on the affordability pressure the Brisbane house market presents.

This is an increasingly prominent trend, particularly evident within Brisbane's inner ring, where house values have increased by 17 per cent over the year, bumping the median price to \$1.15 million. Pushing many prospective buyers out of the inner ring house market.

We expect the strengthened OTP market to progress from the record quarterly sales results and again transact at a high level within the September quarter, as more projects held back at the beginning of the pandemic are released to market.

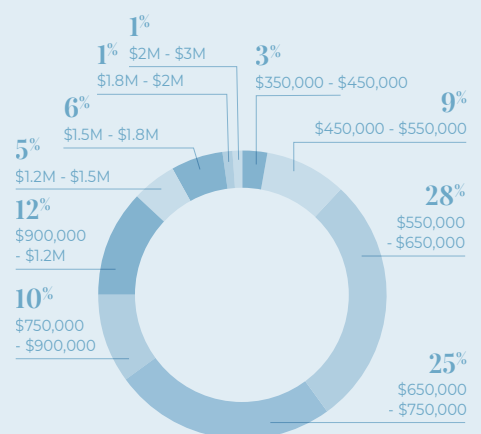
Opportunities exist for new projects entering the market that can serve the underlying demand. We expect anything that launches over the next quarter to sell well and elevate sales statistics again.

SUMMARY

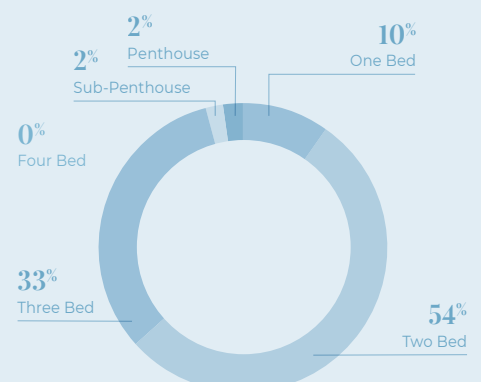
- 962 unconditional sales occurred during the September quarter 2021. This is 841 sales more than the same period 12 months prior.
- The weighted average sale price for the September quarter 2021 was recorded at \$835,000.
- 'The Witton' in Indooroopilly was the standout performer for the quarter, recording a sellout of 141 unconditional apartment sales, the highest result of any development.
- During the September quarter 2021, the majority of apartments sold unconditionally were in two-bedroom configurations, accounting for 52% of all sales. Three-bedroom apartments accounted for 33% of sales, while one-bedroom apartments accounted for a further 10% of new apartment sales. The remaining consisted of sub-penthouse and penthouse apartments.

- The \$550,000 to \$650,000 price bracket was the most common for new apartment sales during the September quarter 2021, accounting for 28% of sales.
- There are currently 1,200 new apartments available for sale throughout Inner Brisbane.
- The proportion of new apartments that have now completed construction is at 42%. Lower compared to the 79% development completion status at same period 12 months prior.
- Remaining supply consists primarily of two-bedroom apartments, which accounts for 50% of all remaining new apartments. One-bedroom apartments account for a further 30%, whilst three-bedroom apartments account for a further 17% of remaining new apartments. The remaining are four-bedroom, sub-penthouse, and penthouse apartments.

UNCONDITIONAL SALES BY PRICE POINT



UNCONDITIONAL SALES BY CONFIGURATION



CBD PRECINCT

A total of 12 unconditional new apartment sales were made in the September quarter. Demand was primarily for two-bedroom apartments in the \$550,000-\$650,000 price bracket.

Developments in the CBD precinct are 92% sold.

- Mary Lane was the strongest performer within the CBD precinct, recording six new unconditional apartment sales.
- Most of the remaining supply is in two-bedroom configurations, accounting for 53% of all new apartment supply in the CBD precinct. One-bedroom configurations account for 23% of remaining stock. The remaining is made up of three-bedroom and four-bedroom apartments.
- There are currently only 131 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.

DEVELOPMENT	SUBURB	STATUS	TOTAL UNITS	SOLD	AVAILABLE FOR SALE	JUN QTR 2021
The Midtown	CBD	Completed	144	135	9	3
Skytower	CBD	Completed	1,092	1,020	72	3
443 Queen	CBD	Under Construction	264	222	42	0
Mary Lane	CBD	Completed	184	176	8	6
OVERALL			1,684	1,553	131	12

NORTH OF THE RIVER

Only two months of apartment supply remains north of the river.

The North of the River precinct has recorded 585 unconditional new apartment sales for the September 2021 quarter at an average weighted sale price of \$800,000.

- The majority of the 585 sales were within the \$650,000 to \$750,000 price bracket, accounting for 31% of sales.
- Demand was for two-bedroom configurations, which accounted for 51% of sales. This was followed by three-bedroom at 34% and one-bedroom at 11%.
- At the end of the September 2021 quarter, there were 381 new apartments remaining available for sale throughout the North of the River precinct.
- At present, 39% of new supply in the precinct has completed construction.
- Only 13% of the total new apartment supply to the North of the River Precinct remains available for purchase.
- The Witton in Indooroopilly recorded the most unconditional sales for the quarter with 141 transactions.

DEVELOPMENT	SUBURB	STATUS	TOTAL UNITS	SOLD	AVAILABLE FOR SALE	JUN QTR 2021
Belise	Bowen Hills	Completed	230	214	16	1
The Yards	Bowen Hills	Completed	401	339	62	3
The Chaussy	Lutwyche	Under Construction	68	68	0	3
Bloom on Wesley	Lutwyche	Under Construction	36	36	0	7
Omega	Bowen Hills	Completed	130	127	3	7
Alcyone Residences	Hamilton	Completed	228	217	11	6
Utopia Space	Fortitude Valley	Completed	300	279	21	4
The Oxlade	New Farm	Under Construction	30	28	2	2
Anthology	New Farm	Completed	26	26	0	1
Allouette	Newstead	Awaiting Construction	57	37	20	15
Quay Waterfront	Newstead	Awaiting Construction	143	130	13	58
Luminare	Newstead	Under Construction	109	107	2	12
Bide	Newstead	Under Construction	89	65	24	65
Rivello	Hamilton	Awaiting Construction	150	126	24	126
Oria	Spring Hil	Awaiting Construction	116	0	116	0
Ella Apartments	Newstead	Completed	149	149	0	5
38 High St	Toowong	Completed	136	129	7	1
White Dawn	Toowong	Completed	60	60	0	5
The Kensington	Toowong	Awaiting Construction	63	63	0	2
The Avairy	Toowong	Awaiting Construction	150	113	37	113
160 Macquarie	St Lucia	Awaiting Construction	34	31	3	4
The Witton	Indooroopilly	Awaiting Construction	141	141	0	141
Latitude	Indooroopilly	Awaiting Construction	35	15	20	4
OVERALL			2,881	2,500	381	585

SOUTH OF THE RIVER

Two-bedroom and three-bedroom apartments both accounted for 86% of sales.

The South of the River precinct recorded 365 sales. Demand primarily sat in the \$650,000 to \$750,000 range, as a weighted average price of \$860,000.

- Silk Lane recorded 120 unconditional sales, the most of any south of the river project.

- Remaining stock is mostly made up of two-bedroom apartments, making up 47% of available stock. One-bedroom apartments account for a further 29%, as three-bedroom configurations make up 16% of remaining supply.

- Of all new apartments in the South of the River precinct, approximately 40% have now completed construction.

- There are currently 802 new apartments remaining for sale South of the River.

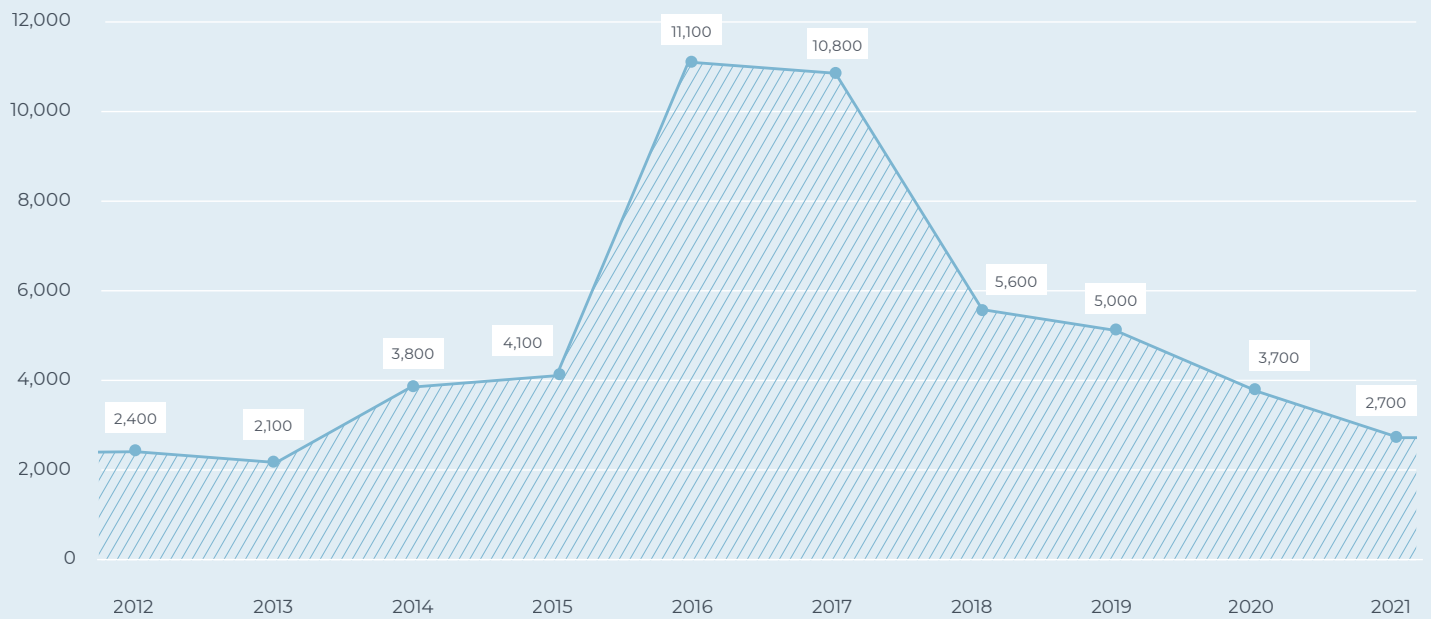
- There are currently 25 new apartment buildings in the South of the River precinct with apartments available for purchase. Of these, 10 developments are close to selling out with 10 apartments or less available for sale.

DEVELOPMENT	SUBURB	STATUS	TOTAL UNITS	SOLD	AVAILABLE FOR SALE	JUN QTR 2021
Atlas	South Brisbane	Completed	210	186	24	3
Trellis	South Brisbane	Awaiting Construction	110	105	5	6
Amersham	West End	Under Construction	29	27	2	0
AKIN	South Brisbane	Awaiting Construction	190	150	40	55
Enclave (Orleigh Residences)	West End	Under Construction	110	110	0	11
Enclave (Davies Residences)	West End	Awaiting Construction	70	35	35	35
Brisbane 1	South Brisbane	Completed	608	403	205	16
Citro	West End	Completed	106	84	22	3
INK	West End	Completed	107	98	9	0
The Mews	Woolloongabba	Completed	139	126	13	3
West Village (Altura)	West End	Awaiting Construction	148	0	148	0
The One West End	West End	Completed	61	43	18	2
Cromorne	South Brisbane	Under Construction	60	30	30	30
Croft Apartments	South Brisbane	Under Construction	64	25	39	25
The Standard	South Brisbane	Completed	268	268	0	3
Silk Lane	Woolloongabba	Awaiting Construction	200	120	80	120
Linton Apartments	Kangaroo Point	Completed	154	129	25	0
Thornton	Kangaroo Point	Awaiting Construction	13	12	1	5
M Apartments	Kangaroo Point	Under Construction	46	36	10	15
Skye	Kangaroo Point	Awaiting Construction	68	21	47	21
Thorncliffe	Kangaroo Point	Under Construction	21	12	9	1
Riviere	Kangaroo Point	Awaiting Construction	124	124	0	1
Monterey	Kangaroo Point	Completed	42	23	19	2
Maarsa	Coorparoo	Under Construction	102	88	14	7
Lincoln on the Park	Greenslopes	Completed	93	86	7	1
OVERALL			3,272	2,715	564	419

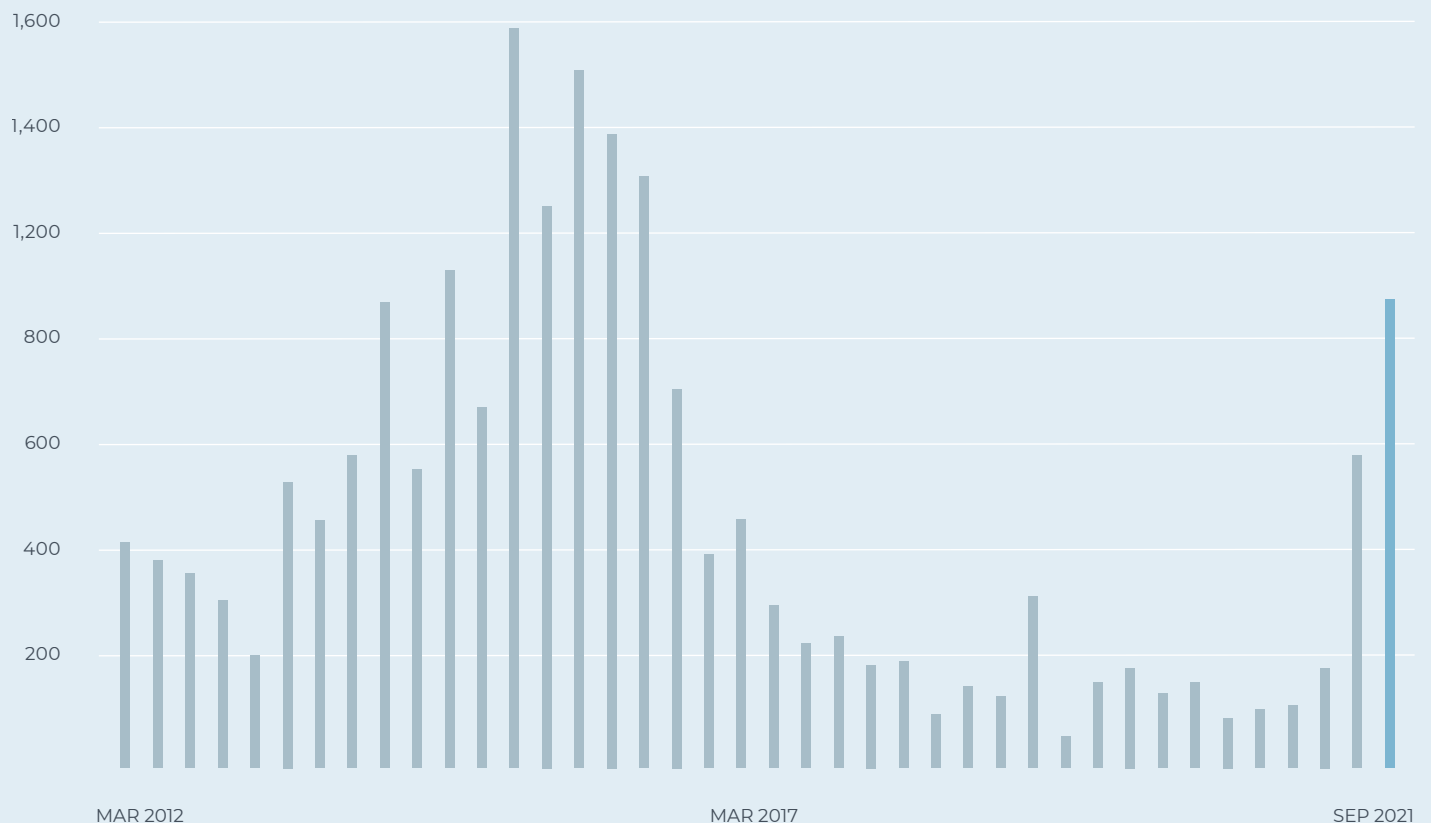
SPECIAL REPORT

Brisbane by the numbers.

BRISBANE APARTMENT COMPLETIONS



OFF-THE-PLAN APARTMENT SALES (BRISBANE)



Jewel
BIRTINYA ISLAND

SOLD OUT

106 2 & 3 BEDROOM RESIDENCES
WITH PARK AND WATER VIEWS

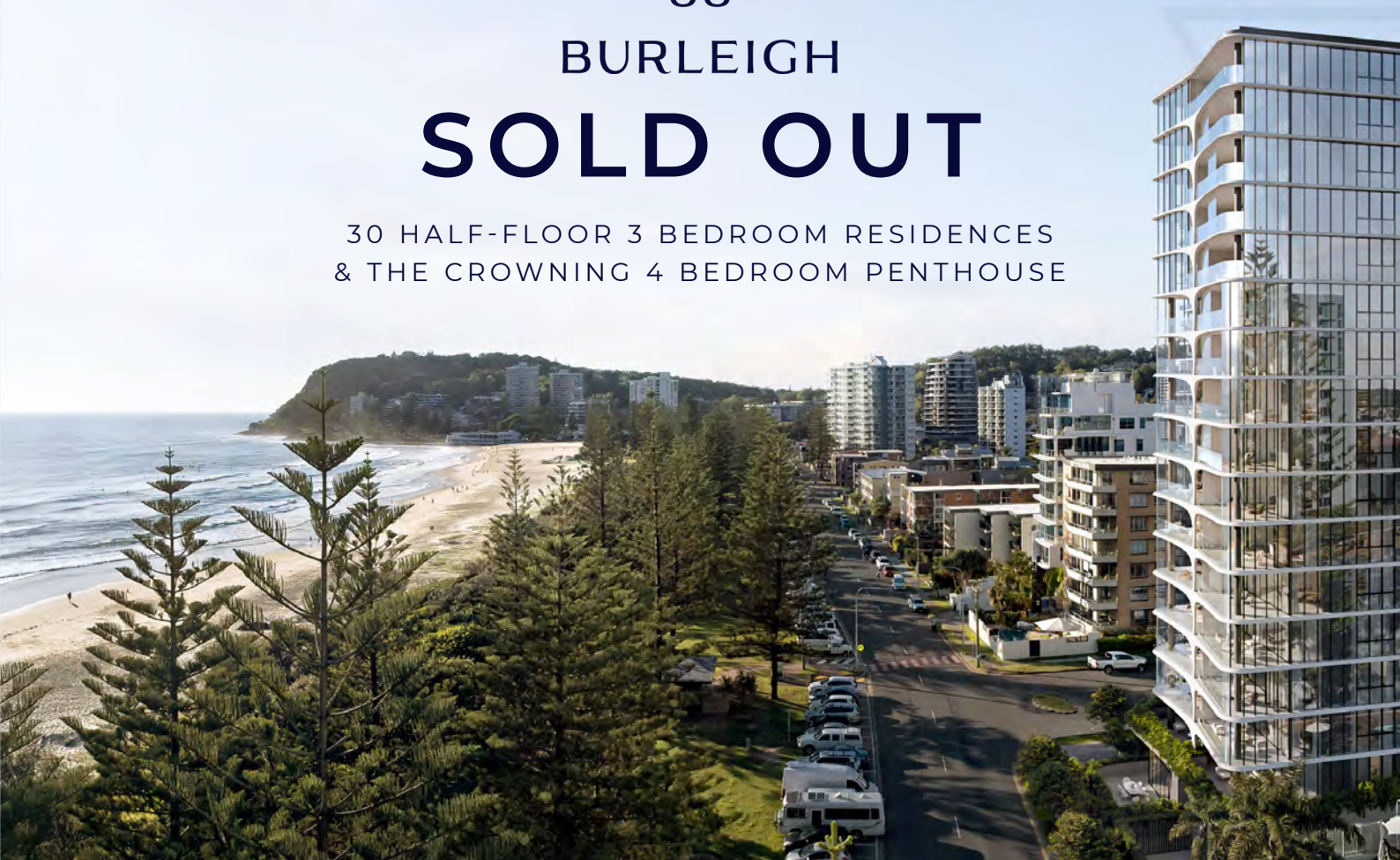


88

BURLEIGH

SOLD OUT

30 HALF-FLOOR 3 BEDROOM RESIDENCES
& THE CROWNING 4 BEDROOM PENTHOUSE



THE RESURGENCE OF BUYER INTEREST IN THE BRISBANE PROPERTY MARKET HAS SEEN PROPERTY PRICES RISE ACROSS THE BOARD, PARTICULARLY IN BRISBANE'S INNER AND MIDDLE RINGS OVER THE LAST YEAR.

Interstate and Overseas Investment Boom.



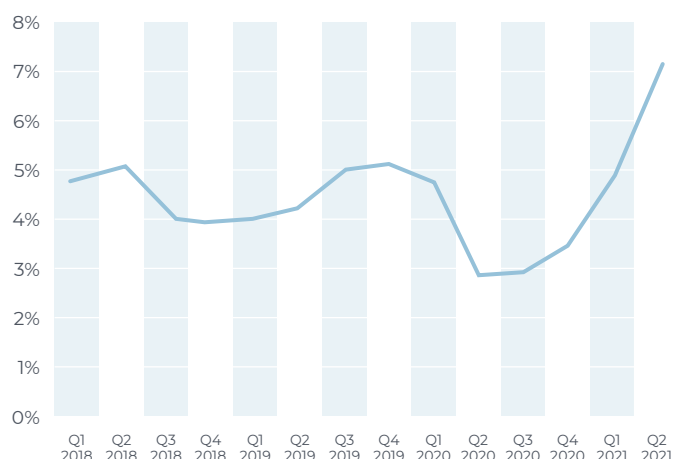
This has seen auction clearance rates consistently hit the 70% mark, an unusual statistic considering auctions have historically not been favoured as the primary means of sale in Brisbane, like they are in Sydney and Melbourne. However, this suggests that presently there are more buyers than there are sellers in Brisbane's property market, which has driven up property values.

Furthermore, Place Advisory's latest data indicates that increased interest in Brisbane property from interstate buyers has emerged as a defining trend over the last year.

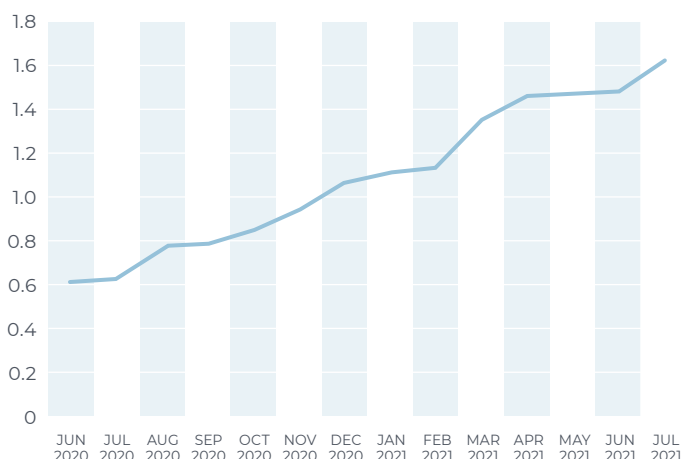
Interstate investment accounted for 2.8 per cent of all Brisbane house sales in the September quarter 2020 and jumped to account for 7.2 per cent of all Brisbane house sales in the September quarter of June 2021. That's a 148 per cent jump over the year.

This is a staggering figure considering this trendline only accounts for investors who have a primary place of residence outside of Queensland and doesn't count those who have sold up and migrated to Brisbane.

BRISBANE INTERSTATE AND OVERSEAS INVESTMENT PURCHASER PERCENTAGE



QUEENSLAND INVESTOR HOME LOAN (\$BN)

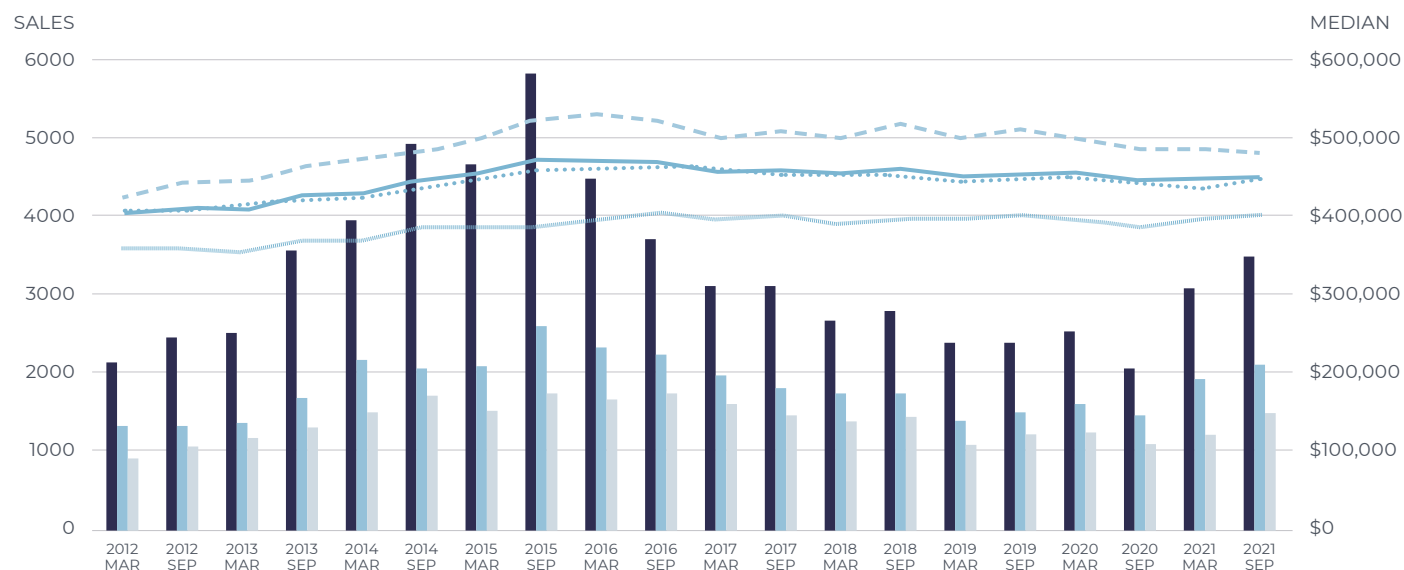


Brisbane Property Market Breakdown.



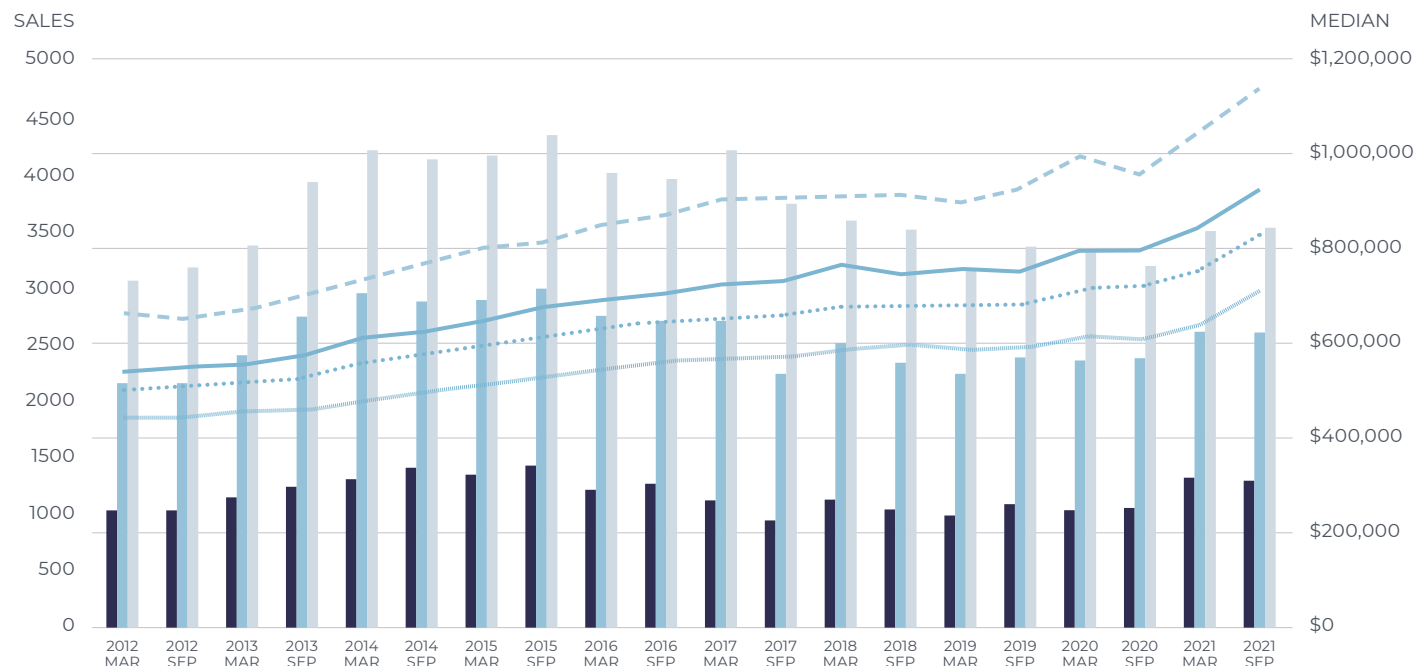
APARTMENTS

	MEDIAN	1Y GROWTH	5Y AAGR	10Y AAGR	SEP21 SALES	10Y SALES	5Y SALES	1Y SALES
INNER RING	\$483,000	-0.4%	-0.7%	1.2%	3,497	63%	12%	72%
MIDDLE RING	\$450,000	1.1%	-0.4%	0.9%	2,089	60%	7%	43%
OUTER RING	\$402,000	4.4%	0.4%	1.1%	1,472	61%	-7%	39%



HOUSES

	MEDIAN	1Y GROWTH	5Y AAGR	10Y AAGR	SEP21 SALES	10Y SALES	5Y SALES	1Y SALES
INNER RING	\$1,140,000	18.8%	4.6%	5.5%	1,287	24%	15%	22%
MIDDLE RING	\$925,000	15.6%	4.9%	5.4%	2,601	19%	-4%	9%
OUTER RING	\$712,000	16.7%	4.4%	4.9%	3,525	14%	-17%	10%





07 3107 9223

research@eplace.com.au

projects@eplace.com.au

[in](#) @placeprojects

[f](#) @placeprojects

[@placeprojectsptyltd](#)

WeChat



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