

# Projector.

## 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.

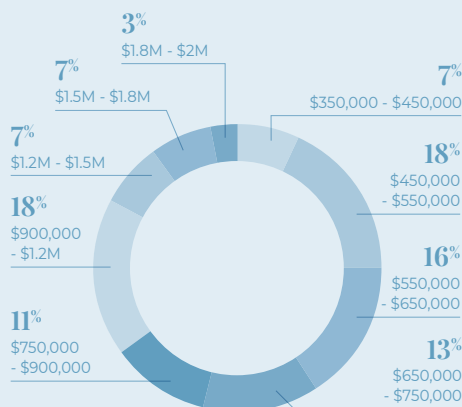
### SUMMARY

- 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

