

ISSUE 19 Winter 2022
Brisbane

Place.



Advisory

Apartment.

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



In this edition of **Apartment**, our researchers have analysed the numbers as the **Apartment market reaches milestone**. We reflect on **Interest Rates vs Median Price** and the effect of **Development Approval** levels on the 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 break records and the owner-occupier apartment trend continues.

Apartment market reaches milestone.

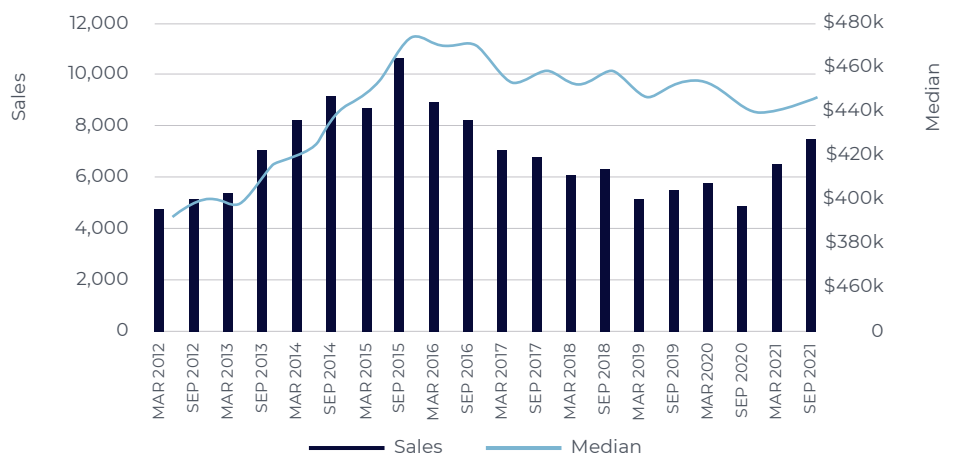
In the first quarter of 2022, Brisbane's apartment and house market has maintained a very positive sentiment reflected by increased value. Compared to the same period in 2021, house prices have increased by a staggering 36% to reach a median price of \$1,030,000, despite a 29% decrease in volume in 2022. This resulted in an impressive price growth and extended the remarkable value gap between houses and apartments, yet again. Brisbane apartments continue to present increasing affordability for those seeking an alternative to houses in the 5km inner ring. This market achieved 7.9% growth from 2021's March quarter to reach a record median price of \$480,000. This breaks the all-time-high of \$473,000 in September 2015, which was the peak of the Brisbane's apartment volume boom that ended in 2016.

It's also important to note, that in the first quarter of 2022 apartments sales volume fell by just 7% in the March quarter compared to houses 29%. This has been driven by the affordability gap, the resurgence of interstate migration and the rise of owner-occupier buyers.

We acknowledge that there has been a stock shortage of larger, owner-occupier apartments across the inner ring. Given the exploding housing market in Brisbane, the cohort of young professionals and downsizer buyers are targeting these apartments as the budget friendly alternative. This has undoubtedly continued the configuration shift by astute developers to favour 3- and 4-bedroom apartments particularly those with older development approvals that had a greater mix of 1- and 2-bedroom types. A new generation of buyer who will upgrade from their current 1- or 2-bedroom apartment ownership to complement their growing family situation. This is also a new generation of owners who have only lived in apartments, wanting a lifestyle close to their place of work.

Blow outs of construction costs loom over the new apartment market. Both developers and construction companies are grappling with escalating prices and unreliable supply line of materials.

BRISBANE APARTMENTS



SHUTE HARBOUR MARINA RESORT



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Projector.

INNER-CITY APARTMENTS MARKET REPORT JANUARY – MARCH 2022

There were 228 off-the-plan sales recorded in the first quarter which reflects a 41% decrease from the December quarter in 2021.

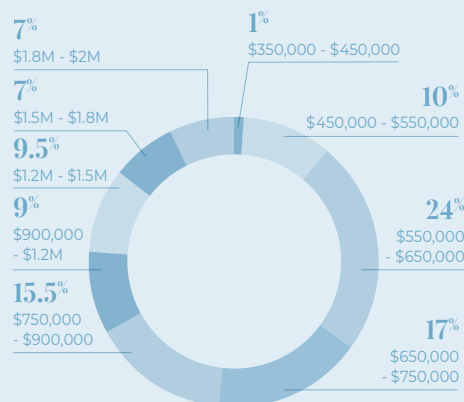
Nonetheless, the off-the-plan market's weighted average sale price of \$915,900 was achieved representing annual price growth of 38%, a level more reflective of Brisbane's house market.

The declining interest for one-bedroom apartments has eventuated again in the first quarter of 2022, favouring two and three-bedroom apartments.

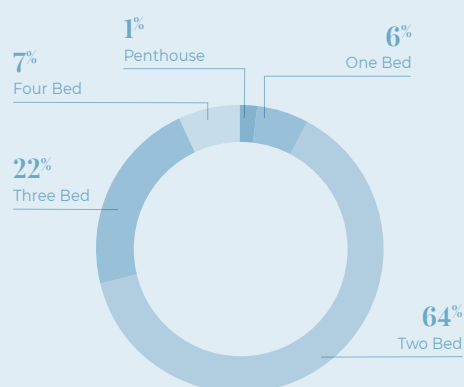
One-bedroom off-the-plan sales now only account for 6%, having decreased from 21%, just one year ago. The number of two-bedroom apartment sales on the other hand increased from amounting to 57% of sales to now 64% while three-bedroom configurations comprise 22% of recorded OTP transactions, up from 19% in March 2021.

This shift in the market suggests the change from primarily investor driven to an owner occupier focus. The trend also reflects the current supply of stock on offer off-the-plan.

UNCONDITIONAL SALES BY PRICE POINT



UNCONDITIONAL SALES BY CONFIGURATION



CBD PRECINCT

With 81 new apartments left in Brisbane's CBD, 19-months' worth of supply remains.

- Sales data for The One Residences (Shayher Group) was not available for Q1 2022 results.
- The Second Queens Wharf Residential Tower is expected to be released in April 2022.
- 443 Queen and Skytower have almost sold out with just 6% of the CBD's stock remaining.
- Four-bedroom apartments have accounted for 61% of transactions in the precinct

DEVELOPMENT	SUBURB	STATUS	TOTAL UNITS	SOLD	AVAILABLE FOR SALE	MAR QTR 2022
Skytower	CBD	Completed	1,092	1,012	80	4
443 Queen	CBD	Under Construction	264	263	1	9
The One Residences	CBD	Completed	467	N/A	N/A	N/A
Queens Wharf Tower	CBD	Awaiting Construction	819	N/A	N/A	N/A
OVERALL			2,642	1,275	81	13

NORTH OF THE RIVER

91% of the North of the River precinct has sold.

- Hamilton's high-spec Rivello apartments have almost sold out, while Oria at Spring Hill achieved most sales in the North of the river precinct.
- Two-bedroom apartments accounted for 63% of sales while apartments in the \$550,000 to \$600,000 price bracket were most popular, being 20% of recorded transactions.
- Sales data for Croft & Cremorne on Fish Lane (by Stockwell) was not reported for Q1 2022 results.

DEVELOPMENT	SUBURB	STATUS	TOTAL UNITS	SOLD	AVAILABLE FOR SALE	MAR QTR 2022
Sutherland	Hamilton	Under Construction	42	41	1	10
Utopia Space	Fortitude Valley	Completed	300	297	3	21
Allouette	Newstead	Under Construction	58	58	0	13
Bide	Newstead	Under Construction	89	71	18	3
Rivello	Hamilton	Under Construction	150	148	2	2
Oria	Spring Hill	Awaiting Construction	109	95	14	39
Ethereal Residences	Indooroopilly	Awaiting Construction	46	18	28	18
OVERALL			794	728	66	106

SOUTH OF THE RIVER

There were 109 reported unconditional new apartment sales for the March quarter, with two-bedroom apartments in the \$550,000 to \$650,000 price range accounting for majority of this demand.

- Kangaroo Point's boutique Monterey Apartments have now sold out

DEVELOPMENT	SUBURB	STATUS	TOTAL UNITS	SOLD	AVAILABLE FOR SALE	MAR QTR 2022
Upper House Penthouses	South Brisbane	Under Construction	188	1	187	1
Atlas	South Brisbane	Completed	210	189	21	3
AKIN	South Brisbane	Under Construction	190	190	0	4
Brisbane 1	South Brisbane	Completed	608	458	150	27
Wave Residences, The Lanes	West End	Awaiting Construction	138	127	11	11
Citro	West End	Completed	106	70	36	6
INK	West End	Completed	107	100	7	1
West Village (Altura)	West End	Under Construction	138	54	84	23
The One West End	West End	Completed	61	61	0	3
Linton Apartments	Kangaroo Point	Completed	124	124	0	9
Monterey	Kangaroo Point	Completed	42	42	0	15
Maarsa	Coorparoo	Under Construction	123	88	35	0
Lume	Kangaroo Point	Completed	115	112	3	6
OVERALL			2,150	1,616	534	109

SPECIAL REPORT

By the numbers.

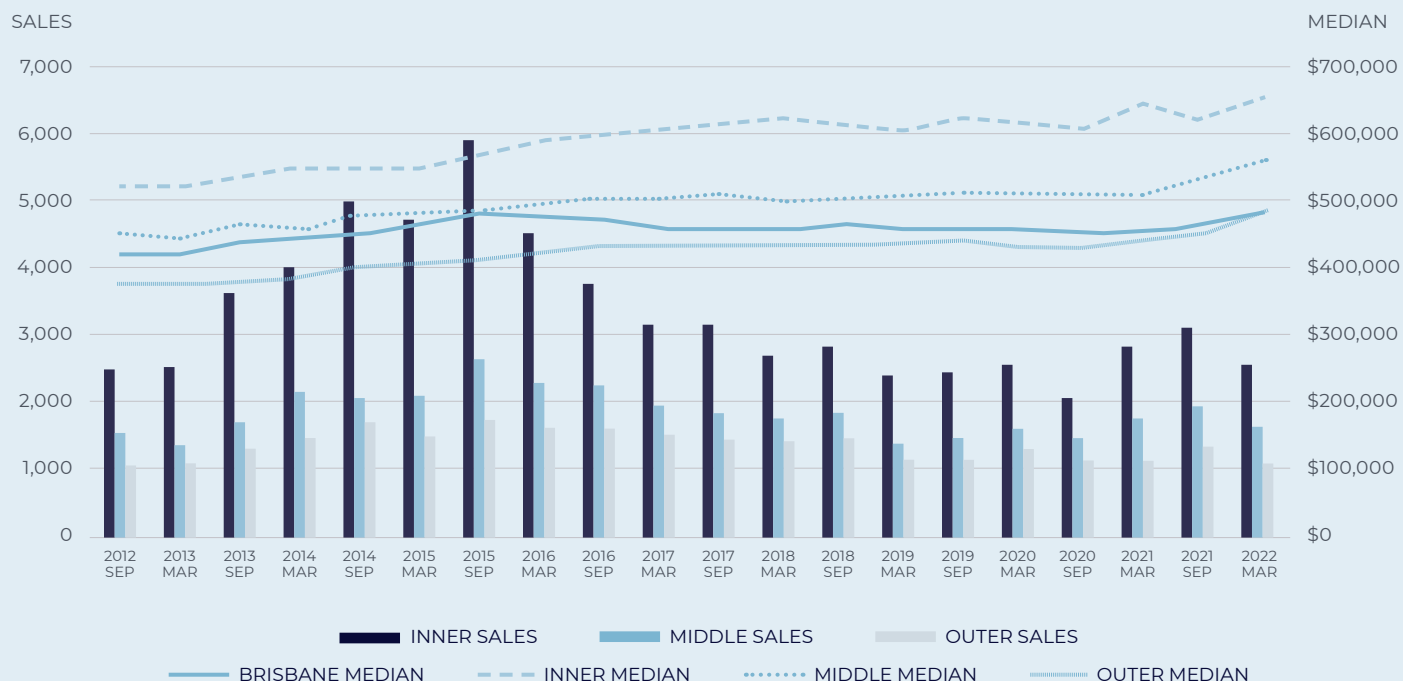
RENTAL MARKET

Weekly Median Rent

	2017	2018	2019	2020	2021	2022
HOUSE	\$448	\$448	\$457	\$468	\$484	\$573
HOUSE (3 BED)	\$420	\$421	\$429	\$438	\$455	\$529
APARTMENT	\$371	\$367	\$371	\$379	\$383	\$406
APARTMENT (2 BED)	\$359	\$354	\$358	\$370	\$382	\$403

MEDIAN PRICE AND SALES VOLUMES

Inner, Middle and Outer Ring



YEARS TO SAVE FOR A 20% DEPOSIT – ON AVERAGE

(entry-level apartments)

SYDNEY	MELBOURNE	BRISBANE	ADELAIDE	PERTH	DARWIN	CANBERRA
5.6	4.4	3.5	2.11	2.6	2.7	3.9

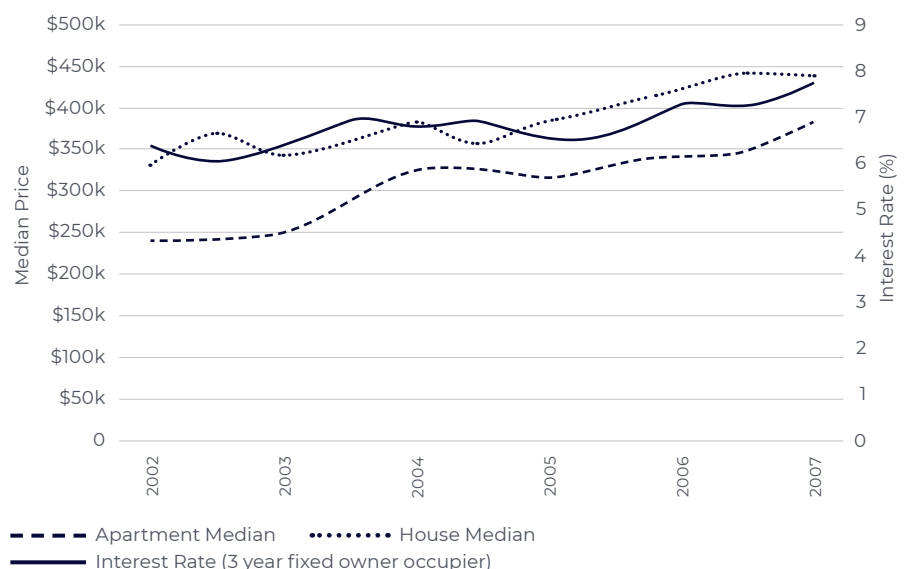
Key Statistics.



Interest Rates

It's often mentioned the doom and gloom effect of rising interest rates, while little recognition is given to the fact that Australians currently have the highest level of household wealth on record. As a result of forced saving activity amid lockdowns, this improved cash position will better safeguard rate hikes than in previous periods. Regarding the last time rate hikes occurred over many consecutive years was the period of 2002 until 2007 while the property market remained buoyant. During this time, median house price growth of 60% was realised in Brisbane, while the apartment median increased by 30%.

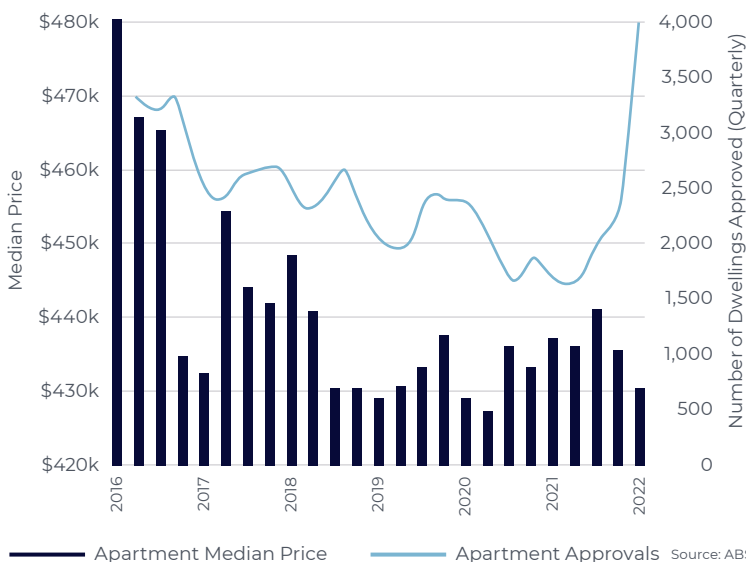
INTEREST RATE (%) VS BRISBANE MEDIAN HOUSE & APARTMENT PRICE





Development Approvals

BRISBANE APPROVALS



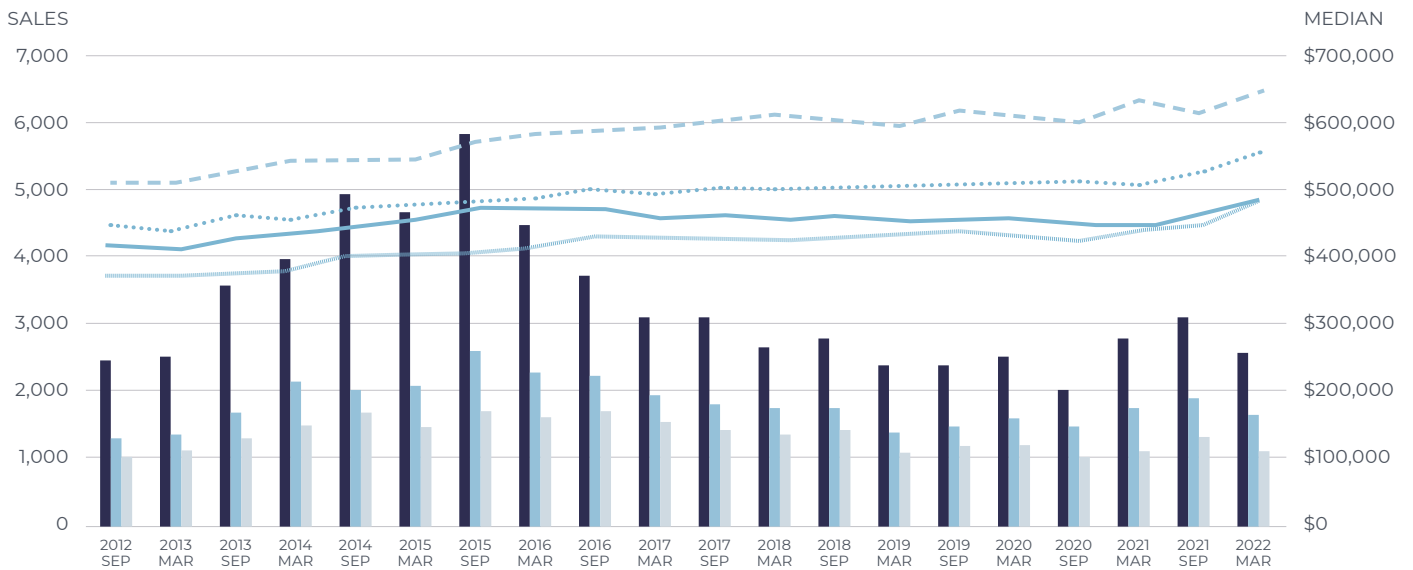
There exists a potentially large undersupply of larger apartments in Brisbane as the migration inflow rapidly continues, after bottoming out during the years 2010 through 2015. The current surge of population growth aligns with the exodus occurring in Sydney and more-so Melbourne over the last two years. 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 Property Market Breakdown.

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

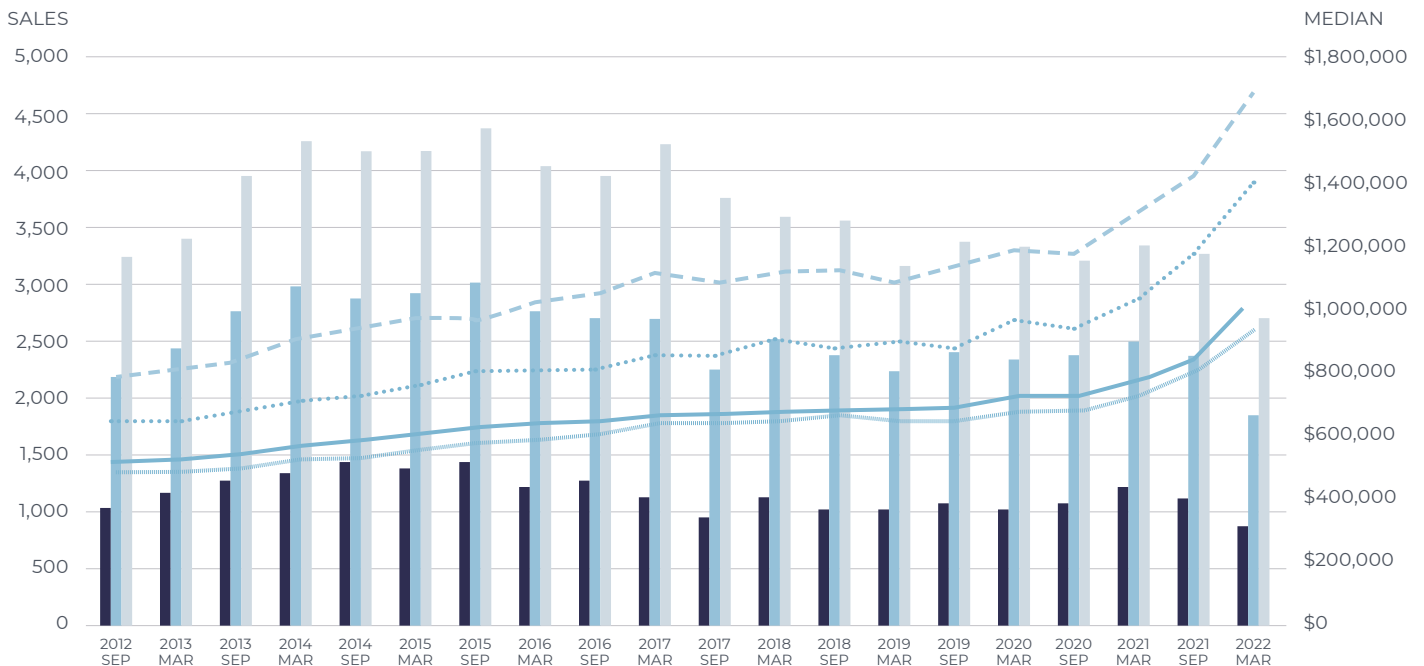
APARTMENTS

	MEDIAN	1Y PRICE GROWTH	5Y PRICE AAGR	10Y PRICE AAGR	MAR 22 SALES VOL	1Y SALES VOL	5Y SALES VOL	10Y SALES VOL
INNER RING	\$643,395.81	2%	1%	2%	2,564	-8%	-4%	0%
MIDDLE RING	\$553,214.55	10%	2%	2%	1,631	-7%	-2%	2%
OUTER RING	\$478,268.19	9%	2%	3%	1,109	-3%	-5%	1%



HOUSES

	MEDIAN	1Y PRICE GROWTH	5Y PRICE AAGR	10Y PRICE AAGR	MAR 22 SALES VOL	1Y SALES VOL	5Y SALES VOL	10Y SALES VOL
INNER RING	\$1,681,957.99	31%	9%	8%	856	-31%	-2%	-2%
MIDDLE RING	\$1,382,262.76	35%	10%	8%	1,848	-26%	-4%	-2%
OUTER RING	\$930,176.16	32%	8%	7%	2,688	-20%	-6%	-2%





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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