

A prosperous new year ahead

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A record number of new apartment projects will be built this year in Brisbane, writes Jane Pinder

IT WILL be full steam ahead for Brisbane's inner apartment market in 2016 with strong sales expected to continue as a record number of new projects start construction. Place Advisory's Inner Brisbane Apartments market report for the September quarter 2015 predicts 2016 would be the most competitive off-the-plan project market since the boom more than a decade ago, with 61 projects to be joined by a further 23 to 30 within six months. The quarter recorded 1385 unconditional sales, with a weighted average of more than \$609,000.

Place Advisory director Lachlan Walker said while there was a significant pipeline of new apartments, absorption rates were expected to remain high in 2016. "We will start to see a bit of change though, previously it was predominantly investors buying, but the end of 2015 we started to see smaller owner occupier developments put forward. In 2016 I think we will see more owner-occupier style, bigger apartments, higher prices, and as a result it will contract the sales volume overall, but show greater positivity," he said.

Property analysts Urbis, in the Brisbane Apartment Essentials report for the September quarter 2015 estimated as many as 6800 new apartments may be launched over the six months to the end of March quarter 2016. Urbis associate director Paul Riga said 2016 could see more "speculative" projects put on the backburner.

"Because of the competition, and the higher construction costs and the higher land acquisition costs, the areas that will be focused on and will get to market, are the ones in the bluechip areas where developers feel confident they will be able to move that product," he said.

South Brisbane was the powerhouse suburb leading the charge for Brisbane's apartment market, scoring record transactions in the September quarter of 2015. Metro's 30storey Brisbane Casino Towers was the top performer for the quarter, with 224 unconditional sales. The Urbis report expected more than 2000 apartments to launch in the fourth quarter of 2015, with 21 pending projects in South Brisbane alone. Upcoming projects include Mirvac's Lucid on Hope Street, to be launched after stage one of its South Brisbane development Art House nears sell out. The 30-storey tower will have one and two-bedroom apartments, with a threebedroom penthouse.

At the opposite end of the spectrum is AEP Development's Luxe, a 14apartment project of one, two and three-bedroom stock. CEO Andre Elhayek said Luxe was a "flagship" project, with the company concentrating years of experience into the style and finishes of the apartments. "What we are finding is that people want to be in great positions, but boutique developments," he said. "From our research, we pinpoint where those areas are, and South Brisbane is one of them, and boutique is what we do best."

Predictions for 2016 "There is a lot under construction, and due to settle and complete in the six months to June this year. The result of how those settlements go is something that could stimulate, or affect the market, when it comes to demand." - Paul Riga, Urbis "I think the western suburbs and the eastern suburbs of Brisbane are areas you will see a bit of change, and growth. They are areas that are inherently undersupplied, the town plan doesn't allow for a lot of large-scale development. So when it does occur, there is a lot of activity and interest." - Lachlan Walker, Place Advisory

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