

Brisbane skyline shooting up

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A RECORD 27,000 new apartments are in the pipeline for Brisbane, but fears of a glut in supply hitting the market have been brushed aside.

Brisbane had 26,626 apartments in its future supply pipeline, sitting in application and approval stage, according to latest figures from industry analysis firm Urbis. Over half were concentrated around the inner city, “further enhancing Brisbane’s ever expanding skyline”. Renters will be the big winners, in what inner city firm Bees Nees City Realty terms the “tsunami of competition for tenants”. The firm, headed by Real Estate Institute of Queensland chairman Rob Honeycombe, expected to see one street alone Cordelia St, South Brisbane, go from 481 units now to close to 3000 in two years.

“Investor demand, particularly from the southern states, appears insatiable and – for those of us who own rental properties in these areas – the tsunami of competition for tenants is really only in its first stages.” Place Advisory director Lachlan Walker said while there was “a big pipeline of stock potentially coming, a lot of those approvals will never come to market in their current form”.

“A lot of those developments are people trying to add value to a site and then sell it on to a developer.” He said “the rental situation is probably going to be a challenge in some areas” with yields dropping from 6 per cent two years ago to “closer to 4 per cent, which is a normal market”. But low interest rates and good prices were prompting some renters become owner occupiers, he said, and the city was overdue for capital growth.

“We have got to get some capital growth soon, we’ve been flat for years.” A spokeswoman for one of the country’s leading residential developers, Metro Property Development, said flatness made the city very appealing to buyers. “Metro rental yields of 5 per cent plus are being achieved in Brisbane, vacancy rates are still low, and certainly the affordability factor is a major driver for the demand in the Brisbane market,” she said.

“Price points in Brisbane have remained relatively flat over the last seven to eight years which makes this market very appealing.” Simon Henry, co-founder of Chinese property site Juwai.com, said Brisbane’s property boom was not over. “Brisbane has a building boom, but it also has a Chinese buyer boom – which is good news for the city,” he said.

“There is a big pipeline of developments, but that doesn’t just happen in isolation. Developers – including some from China– see the buyers from China, they see the buyers from New South Wales, they see the land prices and they realise they can make a lot of money.” Charly Sun, 28, has put deposits on two inner city apartments including one at Brisbane Casino Towers in South Brisbane.

“I do have strong confidence for Brisbane because from my point of view, the government has put a lot of money into these areas to develop them,” he said. “I was in Hong Kong for a few years, and one thing I can tell you is no matter what happens property will go up eventually - and you get tax benefits for investments.” **BY THE NUMBERS:** 26,626 Total apartments in approval and application stage. 49% Of future apartment supply are 2 bed units. (Source: Urbis)

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