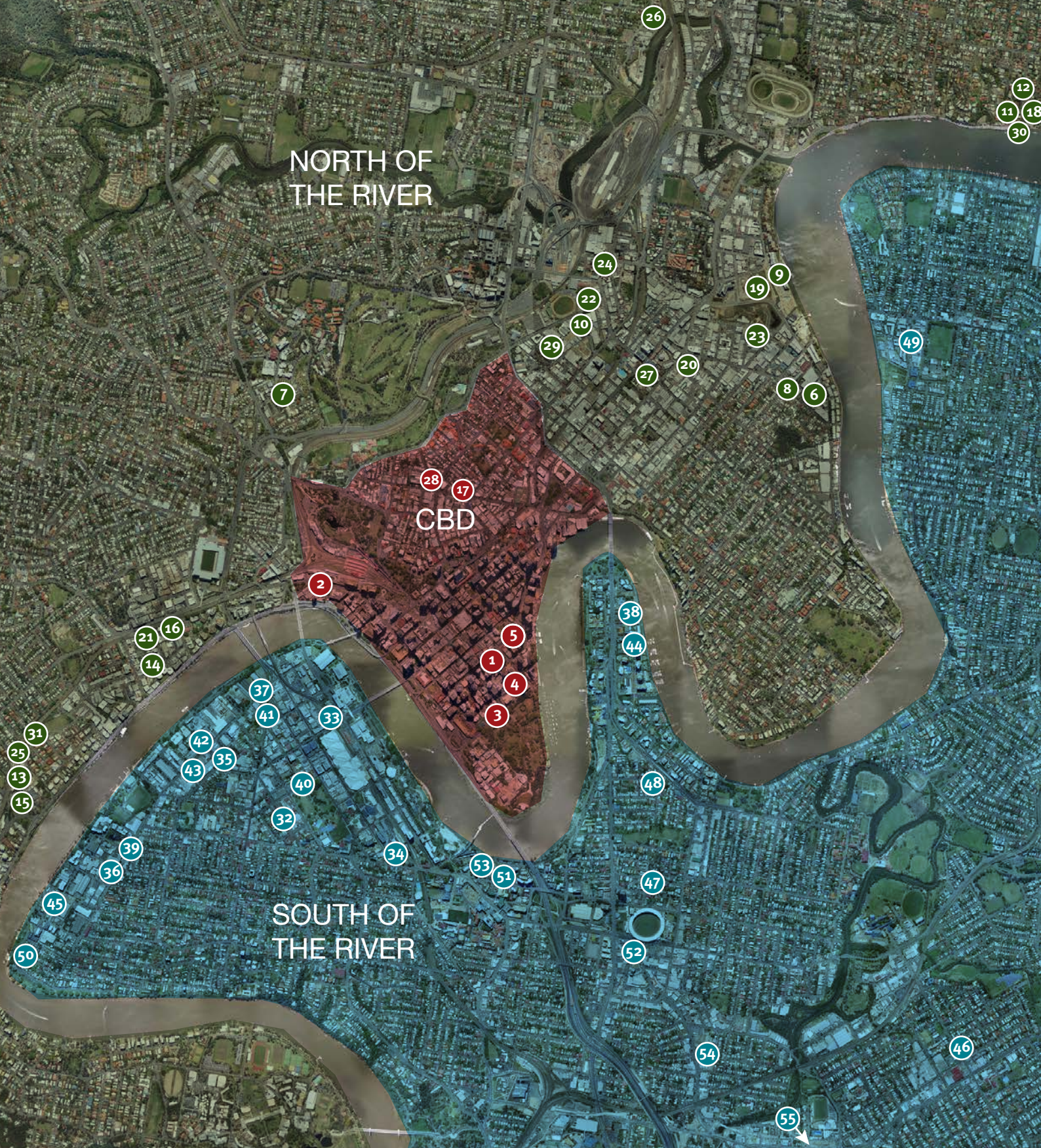


**Market Report** | Inner Brisbane Apartments  
September Quarter 2015



Image supplied by Casino Towers





NORTH OF THE RIVER

CBD

SOUTH OF THE RIVER

**CBD**

- 1 The Midtown
- 2 111 Quay Apartments
- 3 Abian Apartments
- 4 Skytower
- 5 Spire

**NORTH OF THE RIVER**

- 6 Double One 3
- 7 Zest
- 8 Mode
- 9 Pier at Waterfront
- 10 The Yards
- 11 Proximity
- 12 Hercules

- 13 Illumina
- 14 Savoir Faire Residences 1 & 2
- 15 38 High Street
- 16 Westmark
- 17 The Johnson
- 18 Hamilton Reach
- 19 Unison
- 20 Newstead Central
- 21 The Milton
- 22 Belise
- 23 Newstead Towers
- 24 Madison Heights
- 25 Alto
- 26 The Hudson at The Mill
- 27 Broadway on Ann

- 28 Pure
- 29 Canterbury Towers
- 30 Pinnacle
- 31 Landmark

**SOUTH OF THE RIVER**

- 32 Olympia on Russell
- 33 Brisbane Casino Towers
- 34 Southpoint
- 35 Verde
- 36 Light & Co
- 37 Spice
- 38 Affinity
- 39 Citro
- 40 Opera

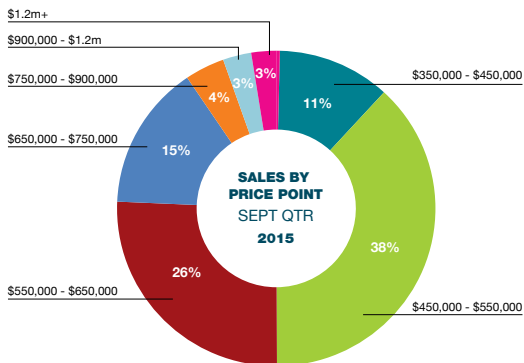
- 41 Basse
- 42 Ink
- 43 Highline
- 44 Linc
- 45 Virtuoso
- 46 Orion
- 47 Willow
- 48 Liberte
- 49 Bloom
- 50 Habitat
- 51 Peak
- 52 Trafalgar Lane
- 53 St Julien Residences
- 54 South City Square
- 55 Stone & Co



# 1

## Overview

**The Brisbane off the plan apartment market has remained under the national spotlight throughout the most recent quarter – predominantly through commentary interrogating Brisbane’s property fundamentals. With substantial levels of residential construction occurring, the supply debate has been ongoing, asking questions whether continued levels of uptake are sustainable and how this will affect the underlying rental market.**



Overall however, the Brisbane apartment market remains in a position of strength. The quarterly sales rates are at historically strong levels and prices are stable. The rental market has tightened, however, it has been the secondary market which has suffered as tenants substitute old for new.

The following points summarise the results recorded for the off the plan sales across the Inner Brisbane market for the three month period to September 2015.

### Summary of the September 2015 Quarter

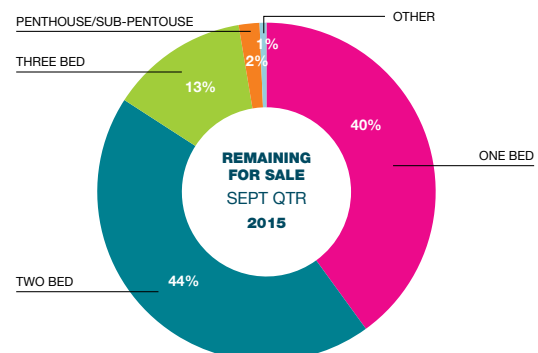
- There are currently 61 projects being sold off the plan.
- The three months to September 2015 recorded 1,385 unconditional sales. This is a 5% softening from the total transactions recorded in June 2015 (previous quarter), however reflects a 76% uplift on the same period 12 months prior.
- Overall, the current quarter’s sales are 200% above the long term 10 year average.
- A weighted average of \$609,224 was recorded during the September 2015 quarter. This is an increase of 9% from the June period and shows a 12% growth from the same quarter 12 months prior. This is reflective of a slight change in product mix in the market and the resultant sales in higher priced apartments.
- The September 2015 quarter recorded almost \$844 million worth of unconditional sales for the residential new and off the plan Inner Brisbane apartment market.
- There were four new projects released during the September 2015 quarter totalling 496 apartments. These included – Illumina (Toowong), Virtuoso (West End), St Julien Residences (South Brisbane) and South City Square (Woolloongabba). There are a further 17 projects (1,776 apartments) which are in various stages of pre-release and had not recorded unconditional sales by the end of the September quarter.
- Brisbane Casino Towers, developed by Metro Property Group, was the top performer for the quarter. Brisbane Casino Towers recorded 224 unconditional sales for the three month period. Other strong performers were – Skytower (131 sales), Illumina (84 sales), South City Square (99), Laguna (81 sales) and St Julien Residences (72 sales).

- Two bedroom sales represented 57% of the market during the September 2015 quarter. One bedroom sales softened to 37% of the quarter’s sales.
- The majority of transactions (38% of the transactions) were recorded between \$450,000 and \$550,000 whilst a further 26% of the quarter’s sales transacted between the \$550,000 and \$650,000 price point. The \$650,000 to \$750,000 price point strengthened to represent 15% of the quarters sales.
- 1,632 apartments remain for sale across the Inner Brisbane market. Given historical quarterly sales rates and current demand, the availability of Inner Brisbane apartment’s remains undersupplied given these statistics.
- Based upon the sales rate achieved during the September 2015 quarter, Inner Brisbane supply tightened to only 3.5 months of supply. We expect this to expand during the next quarter.
- Two bedroom apartments currently total the majority of available stock representing 44% of apartments available for sale across the Inner Brisbane market. One bedroom supply contracted to 40% of the available stock, whilst 3 bedrooms represent 13% of the market supply.
- The South of the River precinct recorded the majority of unconditional sales for the most recent quarter, totalling 666 unconditional transactions. The North of the River recorded a further 574 sales and the CBD saw 195 new unconditional sales.

Overall it is our perception that the Brisbane market is definitely changing – adjusting to the next property cycle. As predicted and discussed 12 months ago, there has been an evolution in the rental market. As expected in times of high rental property absorption, tenants are now in a position of choice and are therefore dictating terms. Properties are still being leased strongly however, yields have tightened to represent returns closer to 4% than 5%.

Positively, the development industry is again beginning to embrace the local buyers through design adaptations which appeal to the owner occupier – there has been a noticeable shift in the development applications lodged which have product designed to appeal directly to the local invest to live, upgrader and downsizer markets. Although a historically tougher sale process, this adaption will lead the next market expansion destined for the apartment market in Brisbane if we have the patience to embrace these purchasers

61 residential projects; 1,385 unconditional sales; weighted average sale price of \$609,224



# 2

## CBD

**There were 195 unconditional sales recorded in the Brisbane CBD at a weighted average sale price of \$721,667. A strong result in a small market.**

- 195 unconditional sales were recorded in the Brisbane CBD during the September 2015 quarter. This is a strong overall result for the region.
- A high weighted average sale price of \$721,667 was recorded for the quarter. This is the strongest weighted average price across Brisbane, a strengthening of 24% for the quarter and reflects the more expensive transactions recorded during the period.
- Skytower recorded the highest levels of unconditional sales (131 transactions) across the CBD market.
- Spire, to be developed by Consolidated Properties, is now 100% sold out.
- The majority of transactions recorded in the CBD during the September quarter were in two bedroom configurations totalling 57% of all recorded transactions. One bed transactions totalled a further 34%, whilst three bed, four bed and penthouse transactions made up the balance.
- Only 378 new apartments remain for sale in the Brisbane CBD across the four different projects. We do however expect record unconditional sales in Mary Lane during the December period.
- Based upon the quarterly sales rate, the CBD has a supply of 6 months.
- The apartments remaining for sale in the CBD are divided reasonably between one bedrooms (39%), two bedroom apartments (36%) and three bedroom apartments (20%).

378  
unconditional  
sales recorded in  
the September  
Quarter

Development	Suburb	Status	Total Units	Sold Sept 2015 Qtr	Sold to Date	Available for Sale
The Midtown	CBD	Completed	144	5	122	22
111 Quay Apartments	CBD	Under Construction	78	0	66	12
Abian Apartments	CBD	Under Construction	150	6	145	5
Skytower	CBD	Under Construction	1,138	131	799	339
Spire	CBD	Under Construction	340	53	340	0
<b>CBD TOTALS</b>			<b>1,850</b>	<b>195</b>	<b>1,472</b>	<b>378</b>

# 3

## North of the River

### The North of the River apartment market, which spans 26 actively selling projects, saw another strong quarterly result.

- A total of 524 unconditional sales were recorded at a weighted average price of \$579,771. This level of transactions is a 13% softening from the June Quarter previously and a 18% softening for the region compared to 12 months prior – a factor reflective of new project releases for the quarter.
- 60% of the stock sold in the Inner North during the quarter were two bedroom apartments. A further 41% of the quarter's sales were one bedroom apartments. 3 bedroom apartments represented only 1% of the quarterly off the plan sales.
- 574 apartments remain for sale in the North of the River precinct. This represents a very tight 3.3 months' supply on the current sales rate.
- The majority of remaining stock in the Inner North, 50%, is two bedroom apartments. One bedroom apartments account for a further 38% of the remaining stock for sale in the precinct.
- There was only one new project releases in Brisbane's Inner Northern residential market – Illumina (Toowong).
- Illumina was the North of the River's top performer, recording 84 unconditional sales. This was followed by Newstead Central – Laguna with 81 sales and The Johnson by Asian Pacific Group with 74 transactions.
- 37% of the sales for the quarter transacting between \$450,000 and \$550,000. A further 33% of sales transacted between \$550,000 and \$650,000.

26 projects; 524 unconditional sales;  
Weighted average \$579,771

Development	Suburb	Status	Total Units	Sold Sept 2015 Qtr	Sold to Date	Available for Sale
Pier at Waterfront	Newstead	Completed	99	2	88	11
Belise	Bowen Hills	Under Construction	228	0	219	9
The Hudson at The Mill	Albion	Under Construction	140	0	81	59
Double One 3	Teneriffe	Completed	111	3	109	2
Pinnacle Apartments	Hamilton	Completed	162	14	137	25
Broadway on Ann	Fortitude Valley	Under Construction	247	17	243	4
Proximity	Hamilton	Under Construction	126	12	106	20
Newstead Towers	Newstead	Under Construction	314	0	298	16
North Yards	Bowen Hills	Under Construction	208	0	207	1
South Yards	Bowen Hills	Under Construction	182	0	180	2
Canterbury Towers	Fortitude Valley	Under Construction	195	9	192	3
Zest	Kelvin Grove	Under Construction	144	12	138	6
Newstead Central - Aqua	Newstead	Under Construction	149	8	140	9
Newstead Central - Laguna	Newstead	Under Construction	189	81	144	45
Newstead Central - St Tropez	Newstead	Under Construction	231	70	204	27
Mode	Newstead	Under Construction	157	22	139	18
Hercules	Hamilton	Awaiting Construction	228	17	214	14
Pure	Spring Hill	Awaiting Construction	93	61	88	5
The Johnson	Spring Hill	Awaiting Construction	193	74	142	51
The Milton	Milton	Under Construction	295	10	283	12
Westmark - Stage 1 and 2	Milton	Under Construction	277	8	277	0
38 High St	Toowong	Under Construction	136	5	111	25
Savoir Faire Residences II	Milton	Under Construction	65	0	35	30
Alto	Toowong	Under Construction	154	1	143	11
Landmark	Toowong	Under Construction	119	14	87	32
Illumina	Toowong	Awaiting Construction	221	84	84	137
<b>NORTH OF THE RIVER TOTALS</b>			<b>4,663</b>	<b>524</b>	<b>4,089</b>	<b>574</b>

# 4

## South of the River

**The South of the River off the plan apartment market, was the strongest selling precinct during the September quarter, recording a 28% growth in volume from the quarter previously.**

- 666 new unconditional sales were recorded during the three months to September 2015. This is a 28% growth on the level of unconditional commitments recorded during the June quarter previously substantially above the long term sales volumes recorded for the precinct.
- The South of the River transactions represented 48% of Inner Brisbane's off the plan sales for the most recent quarter.
- A weighted average sale price of \$599,474 was recorded for the Inner South. This is a figure 5% above the June 2015 quarter previously and 7% above the same quarter in 2014.
- The majority of stock sold during the September 2015 quarter were two bedroom apartments, which totalled 57% of the period's transactions whilst further 38% of sales were one bedroom apartments. Only 6% of sales were 3 bed configurations.
- There were three new project releases in the Inner South precinct. Virtuoso, St Julien Residences and Stage 1 of South City Square.
- Brisbane Casino Towers, was the top performing project in the Inner South recording 224 unconditional transactions. South City Square and St Julien both also recorded high volumes of sales, 99 and 79 transactions respectively.
- 680 new and off the plan apartments remain for sale in the South of the River precinct. This is a supply of 3.1 months based upon the quarterly sales rate.
- Of these apartments which remain for sale, 44% are two bedroom apartments, 40% are one bedroom apartments and 15% are three bedrooms.
- Liberte, Bloom, Trafalgar Lane and Verde are now sold out and will be removed from future apartment reports.

666 unconditional transactions at a weighted average of \$599,474

Development	Suburb	Status	Total Units	Sold Sept 2015 Qtr	Sold to Date	Available for Sale
Emporium Residences & Emporium Apartments	South Brisbane	Under Construction	217	3	211	6
Southpoint - The Apartments	South Brisbane	Under Construction	196	30	185	11
Basse	South Brisbane	Under Construction	68	0	43	25
Habitat	West End	Under Construction	148	0	77	71
Peak	South Brisbane	Under Construction	46	3	44	2
Spice South Tower	South Brisbane	Under Construction	124	0	111	13
Spice North Tower	South Brisbane	Under Construction	150	2	126	24
Trafalgar Lane	Woolloongabba	Under Construction	147	4	147	0
Citro	West End	Under Construction	106	5	60	46
Light & Co - Radiance	West End	Under Construction	139	43	109	30
Light & Co - Illuminate	West End	Under Construction	90	24	55	35
Opera Apartments	South Brisbane	Under Construction	180	15	172	8
INK	West End	Awaiting Construction	107	0	31	76
Highline	West End	Under Construction	142	13	130	12
Olympia on Russell	South Brisbane	Under Construction	65	10	58	7
Brisbane Casino Towers	South Brisbane	Under Construction	378	224	326	52
Verde	South Brisbane	Awaiting Construction	81	19	81	0
Linc	Kangaroo Point	Under Construction	45	0	41	4
Affinity	Kangaroo Point	Awaiting Construction	44	0	22	22
Bloom	Bulimba	Completed	32	0	32	0
Liberte	Kangaroo Point	Completed	112	0	85	27
Willow	Kangaroo Point	Under Construction	73	13	73	0
Orion	Coorparoo	Under Construction	186	0	146	40
Stone & Co	Greenslopes	Under Construction	53	20	33	20
The Establishment	Kangaroo Point	Under Construction	105	36	73	32
Cedar	Greenslopes	Under Construction	61	11	51	10
Empire	Woolloongabba	Under Construction	44	8	29	15
Virtuoso	West End	Awaiting Construction	77	5	5	72
St Julien Residences	South Brisbane	Awaiting Construction	80	79	79	1
South City Square Stage 1	Woolloongabba	Under Construction	118	99	99	19
<b>SOUTH OF THE RIVER TOTALS</b>			<b>3,414</b>	<b>666</b>	<b>2,734</b>	<b>680</b>

# 5

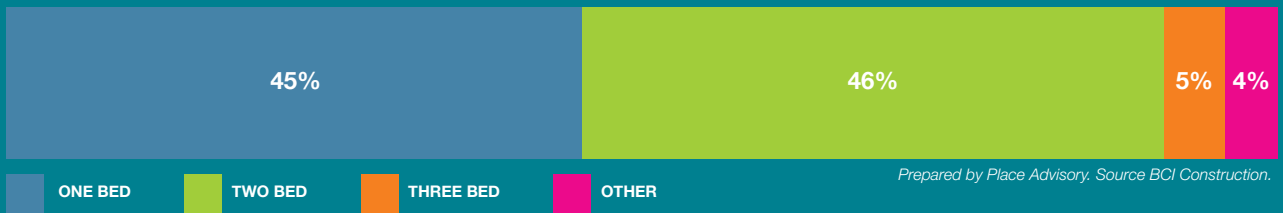
## Future Apartment Pipeline – And the Debate Rages on

The following statistics provide an analysis of all residential development applications with a development value of over \$10 million or which contain greater than 30 apartments.

The following points summarise the approval changes for Inner Brisbane sites through the past 3 months.

- Brisbane Inner Ring projects at various stages of planning have been categorised by development application, development approval and deferred pending market conditions. There were a number of new applications and approvals recorded during the September Quarter 2015 with the number of deferred projects continuing to decline.
- The potential residential development pipeline continues to grow. In total, at the end of September 2015 there are 27,776 apartments over 164 projects in the development pipeline, a growth of 5% from the June QTR prior.
- We remain of the opinion that this pipeline, however substantial, is not outside of long term trends and is not a pipeline of projects immediately likely to enter the market.
- Following a number of projects entering the sales cycle, the total number of approved apartments not under construction or being actively sold now totals 40% of all apartments planned in the Inner Brisbane Development pipeline.
- Apartments awaiting approval at the end of the September quarter increased slightly when compared to June 2015.
- 41% of the analysed projects are awaiting approval, whilst deferred apartments represents only 19% of the potential Inner Brisbane supply.
- The majority of apartment stock planned is in two bedroom configurations, 46%, reflecting the slow change toward slightly larger 2 bedroom apartments.
- The Inner South West retains the majority of planned apartments across Brisbane totalling 11,758 potential apartments. This is remains centred around South Brisbane and West End.

### Future Supply Pipeline - Breakdown by Stock Type



### Future Supply Pipeline - Stage of Development



# 6

## Special Report

# 2015

### OVERVIEW

2015 has been one of the most considerable years on record for the volume of off the plan sales in Inner Brisbane. Following a record breaking three month period at the end of 2014, consecutive quarters through 2015 saw sales volumes upheld across the Brisbane market, portraying the strong underlying demand for opportunities in the Brisbane market.

These levels of sales have been driven by a market which has remained very affordable when compared to the Southern East Coast capitals and the more established apartment markets of Sydney and Melbourne. Brisbane is today 100% more affordable than Sydney for apartments on a like for like basis – offering significant buying potential for the interstate investor.

2016 will in our opinion be a very interesting year for the Brisbane residential market, and in particular the off the plan space. We are expecting a substantial pipeline of 'potential' projects to enter the marketplace, which when totalled could offer more alternatives for a purchaser to buy than ever before. Despite this, we expect absorption rates to remain high. We also do expect to see an even greater range of apartments available for sale – from the very affordable to the super high end.

The investment market will become even more competitive through 2016, with focus first and foremost upon the more premium investment stock. Incentives for purchasers in this space are expected to become more competitive throughout 2016 as projects compete for their share of the investment buyers' purse.

The **investment market** will become even more competitive through 2016, with focus first and foremost upon the more premium investment stock.





# 6

## Special Report

Place Advisory's

# TOP 5 predictions for 2016

### 1 Competition

2016 will be the most competitive off the plan project market since the 2001 - 2003 boom period. The **61 current projects** which have and are recording unconditional sales on a quarterly basis, will be joined by an expected 25 to 30 projects in the first 6 months. Within this mix, there will be experienced developers selling in Brisbane for the first time, and advice will need to be sought out, given and taken strategically. What works in Sydney and Melbourne will not necessarily work in Brisbane. Design, price, marketing and local buy in have been proven to be categorically different.

### 2 Rental Market

This is certainly the space to watch. With a number of major projects settling through 2016, substantial supply entering the market, the rental market will be put under further pressure. Positively we are of the opinion that we don't expect vacancy rates to expand substantially. Undoubtedly yields will contract further, however this will be more recognisable in the secondary apartment market as renters seek out newer buildings in premium locations first and foremost. Overall, 4% returns will become the new normal.

### 3 Price Growth

We do not expect to see substantial price growth for off the plan projects in 2016 – subdued by the market as projects compete for investment buyers. We do however expect to see a number of high end projects enter the market chasing the owner occupier market. This will undoubtedly result in higher weighted average prices recorded in quarters where these are released.

### 4 Local Buyers vs Asia

A very topical issue for the Australian market currently. Brisbane has historically only seen a small percentage of the international market in Australia, however offshore campaigns and education combined with our substantially more affordable real estate is slowly changing this. In most projects, international purchasers will only total between 15% and 25% due to residential lending constraints, however they are competing for better stock within projects with the local market. Challenge for the local buyer will be to make decisions quickly where historically they have had the grace of time.

### 5 Market Squeeze

Construction price rises were noticeable across the industry through the second half of 2015. When this is combined with the higher prices paid for land the past 12 months and a market which has seen limited price growth (and not expected to see substantial change the coming 12 months), there will be a profit margin squeeze recognised by the developer. Adding increased competition and buyers seeking favourable purchasing terms will see pressure increased on the ability for some to deliver product. A major issue we expect to see within our market during 2016. There will be successes and failures in 2016.

An intimate knowledge of potential buyers and the marketplace can minimise risk and give your development the edge over competitors.



## place projects

At Place Projects, we understand the importance of ongoing market research. In fact, we have our own full-time researchers, so we're able to retain and have easy access to all of the information we gather. We know that 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 very best site and create the optimal package for each project. We can then make qualified recommendations on the product mix, positioning, design, finishes and even price. Access to such comprehensive buyer information also helps us pick early market trends. We believe that 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.



The Place Project Marketing Team is lead by some of the most experienced and high achieving sales consultants in the industry.

# for pedigree



## **LACHLAN WALKER**

**As a Place Researcher, Lachlan's role is to gather both internal and external market intelligence to gain a comprehensive understanding of residential projects and provide product specific advice to our clients.**

This reduces the associated risk and provides the information necessary for them to make an informed decision. He has worked closely with a number of developers, from site conception through to product delivery. Lachlan has also provided professional consultancy and advisory services to leading property clients, including Valad Property Group, Lend Lease, Australand, Stockland, Laing O'Rourke, Kenlynn Properties Australia, Anthony John Group, FKP, Leighton Properties and Devine.

Lachlan Walker  
M: 0438 710 888  
E: [lachlanwalker@eplace.com.au](mailto:lachlanwalker@eplace.com.au)



## **BRUCE GODDARD**

**Bruce Goddard has a reputation as a prominent leader in the field of Residential Project Marketing, which has led to numerous major appointments for some of Australia's most prominent institutions and banks.**

As licensee of Place Projects, Bruce now holds appointments for a number of Brisbane's major residential projects, supplying advisory, sales and marketing services to various Public as well as smaller Private Companies. Often sought after by property developers through reputation, Bruce's offices have been involved in the setting, marketing and selling of numerous residential projects. Bruce was also recognised by the REIQ as Queensland's Agent of the Year in 1994. Bruce's Project Marketing career spanning over 25 years has resulted in sales in excess of 1 Billion dollars.

Bruce Goddard  
M: 0418 185 209  
E: [brucegoddard@eplace.com.au](mailto:brucegoddard@eplace.com.au)



## **SYD WALKER**

**After a successful career in marketing rural commodities, Syd moved into Real Estate and Project Marketing on the Sunshine Coast in 1992 before a move to Brisbane in 2010.**

Over a 20 year period Syd has been involved in site acquisitions, project consultancy and the sale of a number of landmark residential and mixed use buildings. During this period his agency has won the prestigious REIQ Sunshine Coast Real Estate agency of the year, seen his staff take out awards for REIQ salesperson of the year and the Sunshine Coast business employee of the year. At Place Projects Syd is responsible for managing project sales teams, identifying new project opportunities and servicing various investment channels throughout Australia. Syd works closely with the management team in project marketing to meet developers required rates of sale and the overarching project objectives.

Syd Walker  
M: 0418 710 888  
E: [sydwalker@eplace.com.au](mailto:sydwalker@eplace.com.au)



**07 3107 9223**

research@eplace.com.au

placeprojects.com.au

