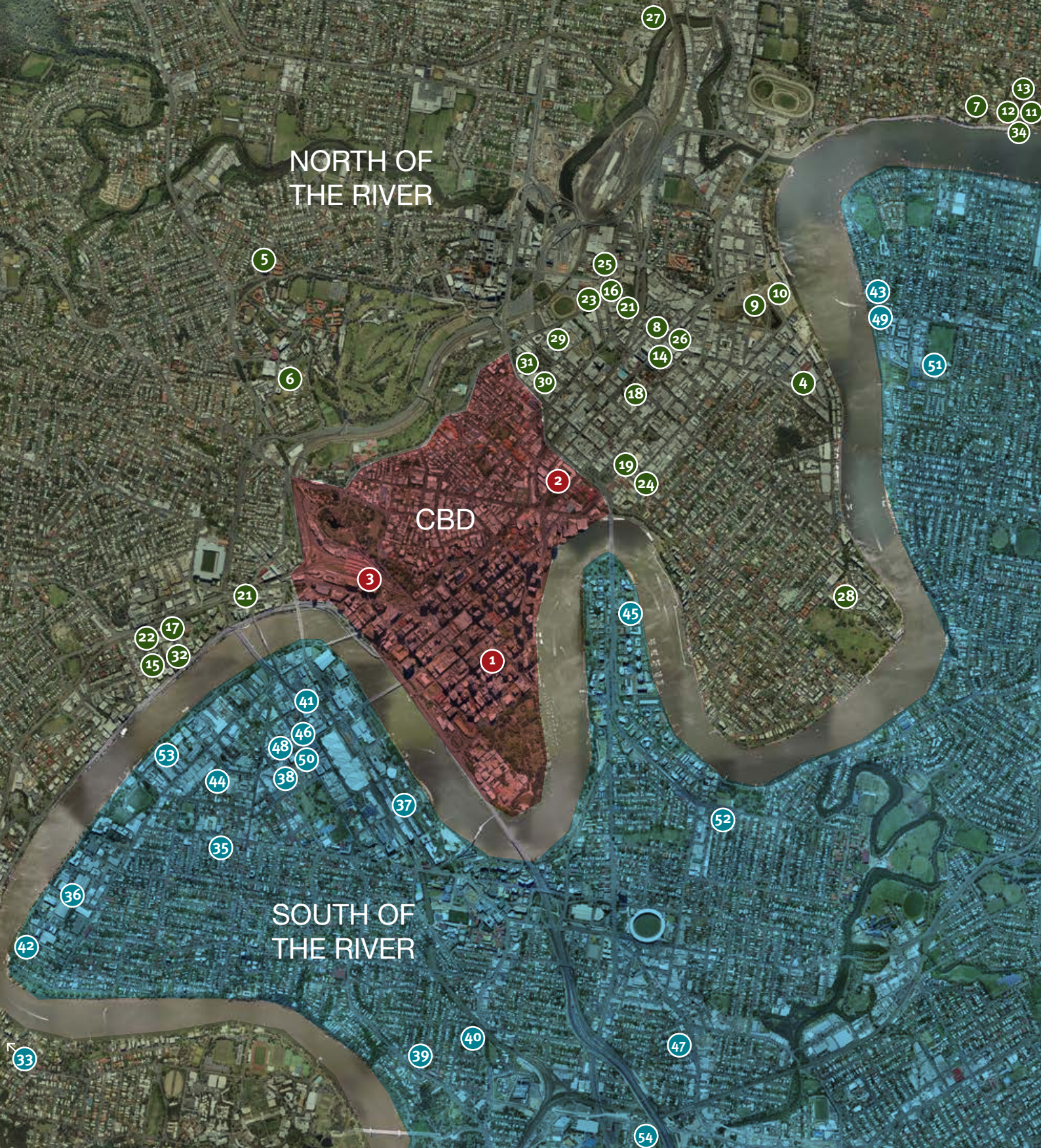




**Market Report** | Inner Brisbane Apartments  
September Quarter 2013







## NORTH OF THE RIVER

## CBD

## SOUTH OF THE RIVER

### CBD

- 1 The Midtown
- 2 Soleil
- 3 Infinity

### NORTH OF THE RIVER

- 4 Double One 3
- 5 Prive Apartments
- 6 Edenvue Apartments
- 7 Promenade Hamilton Apartments
- 8 Pavilion on Brookes
- 9 Pier at Waterfront
- 10 Park at Waterfront
- 11 Hamilton Harbour One
- 12 Hamilton Harbour Two

- 13 Riverside Hamilton
- 14 Mosaic
- 15 Savoir Faire Residences
- 16 Code
- 17 Westmark
- 18 M&A
- 19 Atrio
- 20 Richmond
- 21 Pulse Apartments
- 22 The Milton
- 23 Belise
- 24 The Dunmore
- 25 Madison Heights
- 26 Brooklyn on Brookes
- 27 The Hudson at The Mill

- 28 Sydney on Sydney
- 29 The Tower
- 30 Oxford Towers
- 31 Cambridge Towers
- 32 Siena Milton
- 33 Aspect on Benson
- 34 Pinnacle

### SOUTH OF THE RIVER

- 35 Glass Factory
- 36 Southpoint
- 37 Waters Edge
- 38 Plaza
- 39 Vertice
- 40 Dutton Place

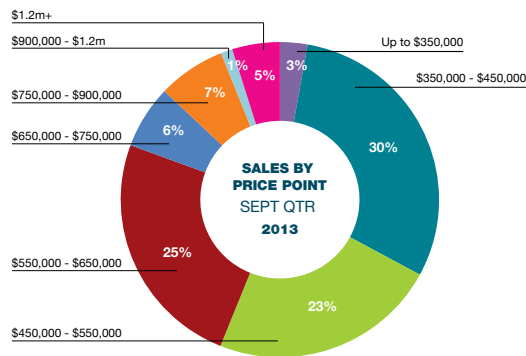
- 41 Capitol Apartments
- 42 Riverpoint
- 43 Addison Quays
- 44 ONYX
- 45 Yungaba
- 46 Edge
- 47 Eastwood
- 48 Fish Lane
- 49 Quartz
- 50 Arena – Stage 1 & 2
- 51 Parkside Bulimba
- 52 Mowbray East
- 53 Escent
- 54 Regents Lane



# 1

## Overview

### Value = Demand; Off the plan in Brisbane is building for a massive 2014



### As 2013 begins to wind up, 2014 is building to be a monster year for the Brisbane residential market.

The past 12 months has seen Inner Brisbane undoubtedly back on the shopping list, locally, interstate and internationally. Our value proposition today compared to our interstate rivals is substantial and increasing, providing the incentive required to shift the focus onto the Brisbane market.

Undeniably, this trend was not unexpected, having generated substantial positive sentiment reflected in the quarterly results achieved through the past nine months. As Place Advisory predicted 12 months prior (*Market Report | Inner Brisbane Apartments September 2012*), Brisbane projected increased sales rates through 2013, as value in our market was recognised. However, to date 2013 has outperformed even our balanced expectations.

As has been seen historically, generally within 12 to 24 months of Sydney recognising significant growth, the Brisbane market follows suit. Given the results Sydney has recently achieved, Brisbane's outcomes over the next year are expected to be even stronger than those seen in the past 9 months, as our stage in the cycle improves.

The September 2013 Quarter saw 681 unconditional sales across Inner Brisbane including 54 new and off the plan projects at a weighted average sale price of \$595,674. There were 10 new projects released in the past 3 months, which will report unconditional sales for the first time. This brings the total apartments released in the first nine months of 2013 to 1,864 across 23 projects – almost the same level of supply delivered in 2011 and 2012 combined.

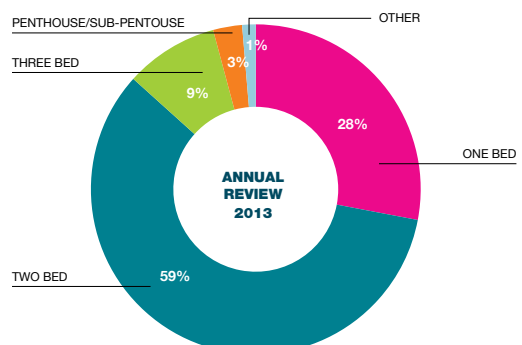
Positively this supply is not sitting on the market for long periods. Resultant supply given the unconditional sales recorded currently rests at 7.3 months

### Summary of the September 2013 Quarter:

- There are currently 54 projects being sold off the plan.
- The three months to September 2013 recorded 681 unconditional sales. This is a 25% increase from the total transactions recorded in the June quarter and almost twice the sales made in the same period in 2012.
- A weighted average of \$595,674 was recorded during the September 2013 quarter. This is a figure 8% higher than

the June period and 9% above the same quarter 12 months prior. Price growth during the September quarter can be attributed to a slight shift toward demand for larger two and three bedroom apartments by owner occupiers as opposed to organic market capital growth.

- The September 2013 quarter recorded over \$400 million worth of unconditional sales. So although we haven't yet broken sales rates recorded in 2001, the increasing weighted average apartment prices has seen the September 2013 quarter record the highest total value of transactions for the residential new and off the plan Inner Brisbane apartment market historically.
- There were 10 new projects released during the September 2013 quarter. These included – Mowbray East (East Brisbane), Glass Factory (West End), Southpoint (South Brisbane), Regents Lane (Woolloongabba), Riverpoint on Ferry (West End), Escent (West End), Westmark (Milton), Savoir Faire Residences (Milton), Prive Apartments (Kelvin Grove) and Pavilion on Brookes (Bowen Hills).
- The much anticipated Southpoint to be delivered by The Anthony John Group and Metro Property Group's Oxford Towers were the two top performers during the September 2013 quarter recording 62 unconditional sales a piece.
- The majority of sales recorded were two bedroom apartments – representing 48% of the total sales.
- One bedroom sales represented a further 43% of the market.
- The majority of the two bedroom sales, 158 transactions, were recorded between \$550,000 and \$650,000 whilst 205 of the one bedroom sales recorded transacted between the \$350,000 and \$450,000 price point.
- 1,655 apartments remain for sale across the Inner Brisbane market. Given historical quarterly sales rates and the fact that current demand rests above this trend, the Inner Brisbane market is understood to be undersupplied overall.
- Analysing the apartments remaining for sale, with almost 60% of the supply being two bedroom apartments at the close of the September quarter, a component of these two bedroom apartments will offer challenges for the project marketers and developers alike, who are endeavouring to sell out this stock.
- Considering the pipeline of potential two bedroom apartments totals over 7,575, size, design, location and as always price will be the difference between long holding periods and sell out.



# 2

## CBD

**There were 38 unconditional sales recorded in the Brisbane CBD at a weighted average sale price of \$521,053. With no new project releases in the quarter, the CBD continues to sell down the current stock remaining for sale.**

- 38 unconditional sales were recorded in the Brisbane CBD during the September 2013 quarter. This is a slightly higher result than the June quarter prior and very much in line with quarter on quarter sales for the precinct.
- A weighted sale price of \$521,053 was recorded for the quarter. This is approximately \$7,000 below the previous period, however very much in line with the weighted average recorded quarter on quarter for almost the past 2 years.
- Soleil has been removed from the quarterly report moving forward, with Meriton retaining the balance stock. Infinity recorded 20 unconditional sales and Midtown a further 13.
- The majority of transactions recorded in the CBD during the September quarter were in one bedroom configurations totalling 55% of all recorded transactions. Two bedroom transactions totalled the balance of unconditional transactions.
- A total of only 143 new apartments remain for sale in the Brisbane CBD across the projects. It is expected that both Abian and 111 Quay Street will record unconditional sales in the coming December quarter.
- Based upon the quarterly sales rate, the CBD has a supply of only 11 months.
- Of the majority of stock remaining for sale, 57% are two bedroom apartments and 30% are made up of one bedroom apartments.
- At the end of September 2013, the Brisbane CBD off the plan market remains relatively unchanged – It is the most limited in terms of new projects, new buying opportunities and future residential supply.

# 38

transactions;  
weighted average  
sale price of  
\$521,053

CBD precinct	Suburb	Status	Total units	Sold Sept 13 Qtr	Sold to date	Available for sale
Soleil	CBD	Completed	464	5	464	0
Infinity	CBD	Under construction	548	20	458	90
The Midtown	CBD	Completed	144	13	91	53
<b>CBD TOTALS</b>			<b>1,156</b>	<b>38</b>	<b>1,013</b>	<b>143</b>

# 3

## North of the River

### The North of the River apartment market recorded improving sales rates for the third consecutive period.

- The Inner North recorded close to 55% of the total unconditional sales recorded across Inner Brisbane in the September 2013 quarter. This equates to 378 unconditional sales at a weighted average price of \$583,135.
- 44% of the stock sold during the quarter were two bedroom apartments, however the majority of sales recorded during the 3 month period were one bedroom apartments totalling 47% of all transactions in the region. 3 bedroom apartments accounted for only 6% of the quarter's sales.
- Oxford Towers recorded the highest unconditional sales for the September 2013 quarter with 62 unconditional transactions. This was followed by Westmark with 39 unconditional transactions. Following these, ten of the thirty projects recorded between 15 and 25 unconditional sales for the three month period, suggesting that the average sales rate ranged between 5 and 8 a month.
- Apartment sales in the precinct remain heavily price pointed, with 36% of the sales for the quarter transacting up to \$450,000 with a further 48% transacted between \$450,000 and \$650,000.
- There were four new project releases in Brisbane's Inner North residential market during the September 2013 quarter – Westmark (Milton), Savoir Faire Residences (Milton), Prive Apartments (Kelvin Grove) and Pavilion on Brookes (Bowen Hills).
- 1,015 apartments remain for sale in the North of the River precinct, the majority of the supply in Inner Brisbane. This equates to representing 61% of all available stock for sale. This represents an approximately 8 month supply based on the current sales rate.
- The majority of remaining stock in the Inner North, 58%, is two bedroom apartments whilst one bedroom apartments account for a further 33% of the remaining stock for sale in the precinct.
- The Green's Tower and Hamilton Harbour One have now sold out of their stock and will be removed from future reports.

A buyers wonderland; A variety of choice - finished, under-construction, off the plan, big and small – 30 projects to choose from...

Development	Suburb	Status	Total units	Sold Sept 13 Qtr	Sold to Date	Available for sale
Edenview Apartments	Kelvin Grove	Completed	65	0	58	7
Promenade Hamilton Apartments	Hamilton	Completed	172	5	150	22
Pier at Waterfront	Newstead	Completed	99	4	64	35
Park at Waterfront	Newstead	Completed	102	19	88	14
Hamilton Harbour - Harbour One	Hamilton	Completed	257	1	257	0
Hamilton Harbour - Harbour Two	Hamilton	Completed	212	1	210	2
Hamilton Harbour - Riverside Hamilton	Hamilton	Completed	189	4	154	35
Mosaic	Fortitude Valley	Under Construction	212	10	176	36
Code	Bowen Hills	Completed	132	5	125	7
M&A	Fortitude Valley	Completed	234	4	186	48
Richmond	Bowen Hills	Completed	107	9	93	14
Belise	Bowen Hills	Awaiting Construction	228	23	141	87
Madison Heights	Bowen Hills	Under Construction	308	11	281	27
Brooklyn on Brookes	Fortitude Valley	Under Construction	216	6	187	29
The Hudson at The Mill	Albion	Awaiting Construction	140	6	69	71
The Green - The Tower	Hamilton	Under Construction	124	18	124	0
The Dunmore	Fortitude Valley	Awaiting Construction	78	0	61	17
Double One 3	Teneriffe	Under Construction	111	4	81	30
Cambridge Towers	Fortitude Valley	Under Construction	165	18	147	18
Atrio	Fortitude Valley	Under Construction	75	4	74	1
Sydney on Sydney	New Farm	Under Construction	57	14	26	31
Oxford Towers	Fortitude Valley	Awaiting Construction	160	62	93	67
Pinnacle Apartments	Hamilton	Awaiting Construction	168	21	50	118
Prive Apartments	Kelvin Grove	Under Construction	27	18	18	9
Pavilion on Brookes	Bowen Hills	Under Construction	36	17	17	19
The Milton	Milton	Under Construction	298	20	208	90
Siena Milton	Milton	Under Construction	49	9	41	8
Aspect on Benson	Toowong	Under Construction	73	1	57	16
Savoir Faire Residences	Milton	Awaiting Construction	65	25	40	25
Westmark	Milton	Awaiting Construction	171	39	39	132
<b>NORTH OF THE RIVER TOTALS</b>			<b>4,330</b>	<b>378</b>	<b>3,315</b>	<b>1,015</b>

# 4

## South of the River

**What a difference 12 months can make. The South of the River residential apartment market has seen a substantial shift over the past 12 months as new projects enter the market and sales rates lift substantially. Development focus remains firmly upon South Brisbane, however early mover opportunities are arising in both Woolloongabba and West End concurrently.**

- 266 new unconditional sales were recorded during the three months to September 2013. This equates to over 80 more unconditional sales than the June quarter prior, however remains consistent with the March 2013 quarter results.
- The strong sales rate was achieved at a weighted average sale price of \$624,154, the highest quarterly weighted average price since June 2012. This is reflective of the high percentage of two bedroom apartment sold as opposed to price growth.

### 21 projects; 497 unconditional sales; Weighted average sale price of \$624,154

- The majority of stock sold during the September 2013 quarter was two bedroom apartments, which totalled a substantial 55% of the period's transactions. A further 33% of sales were one bedroom apartments.
- There were six new project releases in the Inner South of the River precinct. These included – Mowbray East (East

Brisbane), Glass Factory (West End), Southpoint (South Brisbane), Regents Lane (Woolloongabba), Riverpoint on Ferry (West End), Escent (West End).

- Southpoint, developed by the Anthony John Group, was the top performing project in the Inner South recording 62 unconditional transactions.
- 497 new and off the plan apartments remain for sale in the South of the River precinct. This is a supply of only 6 months based upon the quarterly sales rate suggesting that the South of the River precinct remains undersupplied.
- It is apparent that the supply has a very real impact on the sales rate recorded in the Inner South market as demand remains strong for residential apartments. As such with 497 apartments remaining for sale at the close of the September period and a number of new projects expected to enter the market in the coming 3 months, sales rates in the region are expected to increase.
- Two bedroom apartments make up the majority of stock available for sale at 30 September 2013, with 61%. One bedrooms only total a minimal 18% of the immediate supply and three bedroom/penthouse apartments make up the remaining 21%.
- Capitol Apartments and Riverpoint Apartments are now sold out and will be removed from future apartment reports.

Development	Suburb	Status	Total units	Sold Sept 13 Qtr	Sold to Date	Available for sale
Riverpoint	West End	Completed	129	1	129	0
Waters Edge	West End	Completed	234	7	143	91
Dutton Place	Annerley	Completed	100	5	85	15
The Capitol Apartments	South Brisbane	Completed	77	3	74	0
Eastwood	Woolloongabba	Completed	82	2	78	4
Fish Lane	South Brisbane	Under Construction	48	3	47	1
Plaza Apartments	South Brisbane	Under Construction	168	11	151	17
Arena Apartments - Stage 1	South Brisbane	Awaiting Construction	94	0	93	1
Arena Apartments - Stage 2	South Brisbane	Awaiting Construction	97	8	96	1
Edge	South Brisbane	Awaiting Construction	48	10	41	7
Vertice	Dutton Park	Awaiting Construction	65	29	62	3
ONYX	West End	Awaiting Construction	30	4	14	16
Glass Factory	South Brisbane	Awaiting Construction	47	41	41	6
Southpoint	South Brisbane	Awaiting Construction	221	62	62	159
Regents Lane	Woolloongabba	Awaiting Construction	57	4	4	53
Riverpoint on Ferry	West End	Awaiting Construction	50	22	22	28
Escent	West End	Awaiting Construction	56	26	26	30
Yungaba - Promontory	Kangaroo Point	Completed	68	4	55	13
Addison Quays	Bulimba	Under Construction	24	1	16	8
Parkside Bulimba	Bulimba	Awaiting Construction	22	1	12	10
Mowbray East	East Brisbane	Awaiting Construction	56	22	22	34
<b>SOUTH OF THE RIVER TOTALS</b>			<b>1,773</b>	<b>266</b>	<b>1,273</b>	<b>497</b>

# 5

## Site sales

### Pipeline contracts slightly as more projects move to market

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 2013 with the number of deferred projects beginning to decline.
- Following a number of projects entering the sales cycle, the total number of approved apartments not being marketed or under-construction now totals 50% of all apartments planned in the Inner Brisbane Development pipeline. A strong indication that sentiment is improving.
- The percentage of development applications increased during the September 2013 quarter. 21% of the current proposed residential project pipeline is now awaiting approval. 29% of the projects still remain deferred.
- The majority of apartment stock planned is in one bedroom configurations, 48%, reflecting the ongoing demand for this investment stock on a quarterly basis. The total two bedrooms planned declined again during

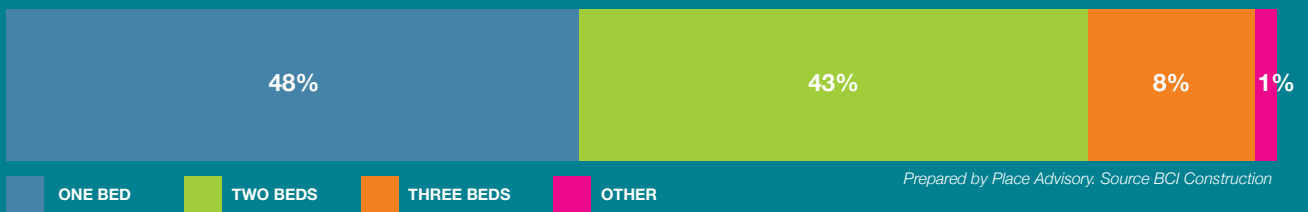
the September quarter to now total 44% of future stock. Three bedroom configurations have increased to 8% of the total planned projects

- The Inner South West has again seen an increase in the levels of planned apartments during the three month period to September. At the end of the quarter 46% of the planned Inner Brisbane stock is in this precinct. South Brisbane and West End remain hotspots for activity with increasing levels of proposed projects now expanding into Woolloongabba as well.
- The Inner North East totals a further 34% of the potential development pipeline.

Sites with development approvals remain highly sought after. There is ongoing demand for potential projects spanning less than 100 apartments in well-established precincts. Competition is high for sites of this calibre and many are still being transacted off market.

**In total**, at the end of September 2013 there are **17,216 apartments** over **137 projects** in the development pipeline

### Future Supply Pipeline - Breakdown by stock type



### Future Supply Pipeline - Stage of Development



# 6

## Special Report

**2013 has certainly excelled all expectations and prior forecasts for the Brisbane residential market. As we look back on the recent past in order to look forward, it is now very apparent that the first green shoots of a market recovery were witnessed in 2012, when the market was still perceived to be relatively unstable and pundits stated that 'Brisbane residential property is too risky an investment'.**

As with all cycles, the greatest fortunes are made in downturns, and the most money is always made in how well buyers purchased. Undoubtedly, those who took the plunge and invested through 2011 and 2012 will have already created equity in their portfolios. With very little market growth being witnessed, it may not be a lot but these buyers have positioned themselves to see the greatest returns long term.

Although there has not been any substantial price growth across wider Brisbane in recent years, growth is expected to be recognised in coming periods as demand intensifies - the best indicator of which is the escalating level of transactions. Overall, the levels of sales volumes have been steadily increasing the past two years, with Inner Brisbane averaging 480 unconditional sales a quarter over this period, a figure well above the ten year average of 310 unconditional sales.

The biggest transformation in our market the past 12 months is the return of the local buyer. Improved sentiment has resulted in a dynamic confidence adjustment and locals are now dipping their toes back in the water. These buyers are smarter, more diligent, and although in an overall better frame of mind are still cautious and make research a priority before purchase.

The percentage of two bedroom sales will continue to improve however we expect 1 bedroom sales to continue to take the lion's share of transactions. Primary justification for this is as the local market returns there will definitely be a higher propensity to purchase two bedroom apartments, however price and the affordability of one beds v two beds and the relevant cash flow associated with the returns, will keep 1 bedroom sales ticking over.

Undoubtedly,  
**those who  
took the  
plunge** and  
invested through  
2011 and 2012  
will have already  
created equity in  
their portfolios.



# 6

## Special Report

# 3 things that won't change through 2014

1

Buyers will remain price point sensitive with affordability being front of mind

2

The residential market will remain a very competitive, price point orientated market. With new projects entering the market, point of difference will be critical.

3

Buyers will remain information hungry. Acting quickly, answering questions and queries promptly and providing unbeatable agency service will result in premium results and much higher rates of sale. Given the competition discussed above, organic buyer cultivation and retention will be more important than ever before.



**2014**  
PREDICTIONS

### Prices Recover

Prices in Brisbane will begin recovery. Equity will be established in property assets.

### Interest Rates Will Rise

Interest rates are expected to rise late in 2014 as the Australian and more importantly, QLD economy become more robust improving confidence in the market. The time to buy index for QLD property will improve through 2014.

### Superannuation funds return to property

Superannuation funds will increase their market share, investing in more property than ever before as baby boomers recover post GFC. Balance sheets will have now been restructured allowing for reinvestment in future opportunities. There will be aggressive investment to regain lost equity, priming for Australia's largest ever retiree population

### More Opportunities

State government asset rationalisation will boost development opportunities that are already in the pipeline. Office refurbishments and redevelopments will be seen, alongside undeveloped government parcels of land.

### Owner Occupier Increase

There will be an indisputable increase in owner occupier purchasers in the coming 12 months. The rent vs. own debate will see some first home owners take the plunge, whilst downsizers and upgraders will begin to trade in the market locally after a sustained period of limited new and off the plan involvement.

### Rental Yields Reduce

Rental yields are expected to soften slightly, returning to more market sustainable levels. Brisbane will not be able to sustain the 6 and 7% returns seen in recent years. 4% and 5% returns will become the normal market as property price growth outstrips the future rental growth.

### Competition

Competition for sites will continue to heat up. Sites earmarked as previous commercial redevelopment will be revised and sold as residential development.

### Shares V Property

Equities investment will compete with property for investment dollars. We expect to see the share market to continue to improve in 2014. There will be periods of softening due to moves in the global economy & as traders adjust expectations, however, the overall trend line will be positive. Given the recent run, many individuals who are sitting on substantial cash deposits appear to be awaiting a market correction before buying in.



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, Place 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)



**133 911 | eplace.com.au**  
research@eplace.com.au  
www.placeprojects.com.au

